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For Cheney, a Changing Picture of the Kremlin
Defense Secretary Dick Cheney, pausing before a portrait of Lenin during a tour of a Soviet aircraft plant. Mr. Cheney, following four days of talks with Soviet officials, said he was slowly altering his views and would now call himself an "optimistic skeptic" about Soviet military intentions. Page 2.

A Plan to Rotate U.S. Troops Forces in Europe May Be Sent to Gulf

By Molly Moore
Washington Post Service
WASHINGTON — U.S. military officials are drawing up rotation plans to replace weary troops in the Gulf area and may do it, in part, by redeploying American forces now in Europe.
Use of the troops in Europe, part of the NATO force structure, would mark the first regular deployment of those units outside that region since they were based there after World War II, Defense Department officials said. It would be yet another departure from four decades of Cold War policies in which the Pentagon put European security ahead of all other foreign military priorities.
Military authorities said that they expected to complete their scheduled buildup of armored fighting forces on the Arabian Peninsula within two to three weeks. But the full logistical force needed to support those units will not reach the region for at least a month, they said.
Plans to dispatch replacement units to Saudi Arabia could bring a surge of tens of thousands of extra troops in the region after the currently scheduled contingent of about 240,000 is in place. Troops now in the region to guard against an Iraqi advance would not leave until their replacements took their positions.
Some military commanders said those rotation forces could provide additional strength for launching an attack on Iraqi forces occupying Kuwait.
The bulk of the surge could occur as early as January, but no timetable has been set.
Military officials have been drafting recommendations for troop rotations for several weeks; Defense Secretary Dick Cheney is expected to issue new policies for addressing the controversial issue within two weeks.
The officials said that policies of the North Atlantic Treaty Organization had prevented them from using U.S. troops based in Europe in past contingencies.
They said that NATO leaders had expressed no objections to using the forces for rotations to the Gulf. But both Congress and the limitations forced by the arms-control agreements between the United States and the Soviet Union could create other obstacles for using significant numbers of the 300,000 U.S. forces now in Europe.
Hundreds of men and women based in Europe in medical, aircraft and other units have already been deployed to the Arabian Peninsula, officials said.
In the rotation discussions, the commander of U.S. forces in the Middle East, General H. Norman Schwarzkopf, has requested that units from an additional army corps, most likely from the United States, be dispatched to the region.
Military officials said that part of that corps would be used to replace some units, including the 82d Airborne Division and the headquarters division of the 18th Airborne Corps.
Military authorities said the 82d Airborne, a rapid-deployment force that was one of the first units to arrive in the region, could return to Fort Bragg, North Carolina, as soon as November.
Commanders of the light assault force have been eager to remove the unit from Saudi Arabia for several weeks, saying it should be kept in reserve for other contingencies around the world after the
See TROOPS, Page 5

Baghdad to Add Oil and Gasoline To Ration List

Imported Additives Lacking Because of the UN Embargo

By Edward Cody
Washington Post Service
BAGHDAD — The Iraqi government set up a rationing system for gasoline and engine oil on Friday, citing shortages of chemical additives caused by the United Nations embargo.
The measure, in a country with billions of dollars in oil reserves and a major petroleum industry, was the clearest indication to date of economic disruption caused by the UN embargo imposed in response to Iraq's invasion of Kuwait on Aug. 2.
Motorists immediately formed lines at gas stations in Baghdad, seeking to fill their tanks before the rationing system began. An announcement from the Oil Ministry said rationing cards for private cars, taxis and trucks should be picked up beginning Saturday at distribution centers, which are to be listed in newspapers. Beginning Tuesday, gasoline and oil can only be purchased with a card.
Basic foodstuffs, including bread, milk, rice and tea, have been rationed since early September. The rationing of gasoline, however, was expected to have considerable impact in Iraq and abroad. Petroleum is the symbol of Iraq's rise as an economic power, accounting for 90 percent of government revenues before the Gulf crisis.
Apparently with the local reaction in mind, the government announced the measure on Friday, the Muslim day of prayer and rest, when commercial activity was at its lowest and traffic slowed to a weekend pace. Abroad, however, the step is likely to be read as a sign that the embargo has begun to hurt Iraqi industry, which diplomats in Baghdad have said is the prime target.
The announcement confirmed rumors circulating for the last two weeks in Baghdad that gasoline and engine oil rationing was imminent because of an additive shortage. Gasoline has remained plentiful at a government-set price, which is the equivalent of about a dollar a gallon at the official exchange rate. But engine oil has been scarce for several weeks, with prices climbing steadily and taxi drivers lining up at distribution points to buy supplies.
The oil minister, Isam Abdul Rahim Shalabi, said that although exports had been blocked, Iraq continued to pump enough oil to meet domestic consumption of 300,000 to 400,000 barrels a day.
Mr. Shalabi said that the rationing was intended "to guarantee we will have the additives and chemicals that we require to continue making these products."
"We are only rationing gasoline and lubricants because they depend on additives that we have to get from the outside," he added.
Gasoline prices will remain the same, he said, but the amount allocated to various categories of drivers has not yet been established.
Asked whether the shortages were likely to be felt by the Iraqi military, Mr. Shalabi smiled, then said, "I think you'll understand these things have been taken into consideration, and we will have to ensure we supply these requirements."
Before the Gulf crisis, Iraq had met its own needs and exported about 2.8 million barrels a day, making it a major producer in the Organization of Petroleum Exporting Countries. The UN embargo has severely cut Baghdad's exports, however, depriving the government of its main source of income while
See IRAQ, Page 5

Bush Signs Stopgap Fund Bill

WASHINGTON — President George Bush signed into law Friday a temporary spending bill keeping the U.S. government operating through mid-December while Congress tries to produce a compromise deficit-cutting plan.
Mr. Bush, who two weeks ago let nonessential government operations shut down temporarily over a three-day holiday weekend to keep the pressure on Congress to complete a budget agreement, had said he would not again sign stopgap funding legislation unless a congressional conference committee was making significant progress toward a final deal.
The president, this afternoon met with the bipartisan congressional leadership on Capitol Hill and reaffirmed his cooperation in getting a reconciliation budget within the next few days, said the White House press secretary, Martin Fitzwater. "The members of Congress went to work Friday to try to reconcile sharply different budget bills."
The negotiations began hours after the Senate, by a vote of 54 to 46, approved its version, which would raise the taxes or cut the benefits of nearly all Americans.
The Democrats are betting that the anti-tax era is over. Page 3.
The conference committee met today, and various conference subcommittees have already made satisfactory progress in their work," he added.
Widely Differing Bills
David E. Rosenbaum of The New York Times reported earlier from Washington that House and Senate negotiators expressed their determination to reach agreement.
"The conference committee met today, and various conference subcommittees have already made satisfactory progress in their work," he added.
The House bill, which Mr. Bush has indicated he would veto, would raise the income taxes of nearly all Americans but would place the
See BUDGET, Page 5

By-Election Loss Jolts British Conservatives

By Craig R. Whitney
New York Times Service
LONDON — The prospect that Prime Minister Margaret Thatcher would gamble on calling and winning a general election next year roiled sharply Friday after her Conservative Party's stunning loss in voting Thursday to fill a parliamentary vacancy.
Voters in Eastbourne were electing a successor to Ian Gow, the Conservative member of Parliament who was killed by a car bomb set off by the Irish Republican Army on July 30. They turned instead to the Liberal Democrats, the recently renamed "third party" in British politics.
Their candidate, David Bellotti, a 47-year-old community organizer, won 23,415 votes to the Conservatives' 18,865. Mr. Gow, a popular, outspoken opponent of the IRA, polled 33,587 votes in the last general election in 1987, nearly 17,000 more than his Liberal opponent at the time.
The Labor Party, which hopes to defeat Mrs. Thatcher in the next national election and which has been leading the Conservatives in public opinion polls for the last year and a half, won barely 5 percent of the vote in Eastbourne, a well-heeled resort on the south coast.
Mrs. Thatcher, who called La-

Bush, Meeting Soviet Aide, Firmly Rejects Any Deal on Gulf

By Dan Balz
Washington Post Service
WASHINGTON — President George Bush on Friday dashed speculation that a diplomatic solution to the Gulf crisis was brewing and said that he remained determined that Iraqi aggression against Kuwait would "not be rewarded by some compromise."
Mr. Bush's statement came as he met for more than an hour with Yevgeni M. Primakov, President Mikhail S. Gorbachev's special emissary to Iraq, to review the situation in the Gulf. Mr. Primakov met with President Saddam Hussein of Iraq earlier this month.
Saying he was prepared to "stay the course" in the Gulf, Mr. Bush said, "I am as determined as I was the day the first troop left that Saddam Hussein's aggression will not be rewarded by some compromise, not be rewarded by our failing to get him totally out of Kuwait or restore the legitimate rulers."
Mr. Primakov, speaking as he left the White House, said that while the two nations agreed on Gulf policy, the Soviets still hoped to find a peaceful resolution to the crisis.
"I believe we should not rule out the possibilities of a peaceful solution until we have exhausted all options," he said.
The White House press secretary, Martin Fitzwater, said Mr. Bush also believed that the United States and other nations should seek a peaceful withdrawal of Iraq from Kuwait, but he reiterated that the international community was "prepared to consider alternative options."
"The president's resolve was firm and firmly expressed," Mr. Fitzwater said.
The Soviet official's visit had generated speculation that he was carrying a proposal from Mr. Gorbachev for a diplomatic initiative that might include a face-saving compromise for Mr. Hussein. But Mr. Fitzwater said that Mr. Primakov carried no special message or initiative.
Administration officials said that Mr. Bush's talks with Mr. Primakov had provided a fresh setting to send a public signal to Mr. Hussein "that the two superpowers are working in tandem."
The officials noted that Mr. Primakov had previously
See GULF, Page 5

Lebanon Chides France For Urging UN Inquiry

Compiled by Our Staff From Dispatches
BEIRUT — Prime Minister Salim Hoss accused France on Friday of trying to undermine Lebanon's authority by asking the United Nations to intervene after reports that Syrian troops had summarily executed Christian soldiers loyal to Major General Michel Aoun.
By asking the secretary-general of the United Nations to investigate allegations based on ill-considered rumors, France is casting doubt over Lebanon and its legal authority," he said.
The French Foreign Ministry has asked the UN secretary-general, Javier Pérez de Cuellar, to "intervene immediately" in Lebanon. But a Foreign Ministry spokesman, Daniel Bernard, said in Paris that the government "cannot currently confirm" the reports of executions.
"We do not have any definite information on this subject," he said. But he added that "the known events justify France's request to the UN secretary-general."
Lebanon and France have been locked in a diplomatic quarrel since General Aoun took refuge in the French Embassy on Saturday.
France granted General Aoun asylum, but President Elias Hrawi's government said he must face charges for crimes, including the alleged theft of at least \$75 million from the state treasury.
General Aoun's family left Beirut for France on Friday, the French Foreign Ministry said. French radio said the party of 12, which had sought refuge with General Aoun in the embassy, was delayed for five hours at Beirut International Airport while Syrian soldiers searched their luggage.
Diplomatic sources in Lebanon said earlier that the evacuation agreement included General Aoun's wife and their three daughters, as well as army officers and the family of one of his close advisers, General Issam Abu Jamra. The agreement did not include General Abu Jamra himself, who is wanted by the Lebanese authorities along with General Aoun on charges of embezzlement, they said.
Mr. Hoss said that General Aoun should be held responsible for the death and destruction in
See BEIRUT, Page 5



EXHAUSTED RESCUERS — Rescue workers waiting to board a bus Friday after emerging from the First of May coal mine in Ostrava, Czechoslovakia, where a methane explosion killed at least 22 miners. Eight other miners were reported to be missing.

In Germany, the Red Army Has Become a White Elephant

By Marc Fisher
Washington Post Service
WUNSDORF, Germany — In East German schools, children learned that the Soviet soldiers they saw everywhere were a blessing twice over. The Red Army liberated Germans from Nazi oppression, then protected them from Western aggression.
Today, there is no more East Germany, and the estimated 350,000 Soviet troops and their 200,000 family members still on German soil have become a manifold burden.
Two weeks after German reunification, hundreds of Soviet soldiers are deserting, showing up at government offices to apply for welfare, even turning up at American facilities to seek asylum. Soviets are selling their caps and uniforms to street dealers. And from Dresden to Berlin, soldiers and officers are hawking Soviet rifles, grenades, even ground-to-air rockets.
The deep bonds of German-Soviet friendship repeated in the old Communist propaganda turned out to be a mirage. Angry Germans have taken potshots at Soviet guards, mugged Soviet soldiers and sprayed Soviet Army facilities with abusive graffiti.
"The danger is that these German extremists will attack a munitions post and our guards have the right to shoot back," said Mikhail Logvinov, a counselor at the Soviet Embassy in Berlin. "This could lead to very severe problems."
Suddenly, the Soviet Army in Germany has become a white elephant. Sometimes confined to barracks, strictly limited in their exercises, hungry in a land of expanding appetites, the Soviets are now at the mercy of a country they had dominated since 1945.
Under a deal struck by Chancellor Helmut Kohl and President Mikhail S. Gorbachev this summer, the Soviet Union has until 1994 to withdraw its forces from what was formerly East Germany.
In the meantime, the German government is paying for the Soviets' food and supplies. Germany will pay to train Soviet soldiers in new careers, transport them home and build them apartments there. This is expected to cost Germany at least \$10 billion.
For now, the Soviet troops are still omnipresent, with 1,000 installations, and still heavily armed. But they are located in a member nation of the North Atlantic Treaty Organization and surrounded by a former enemy, the German Army.
Here in Wunsdorf, a town of 3,000 people about 30 kilometers (18 miles) south of Berlin, is the sprawling headquarters of the Soviet forces. It is a dilapidated walled compound that houses 70,000 soldiers and civilians. The Soviets closed the main highway to Germans, requiring residents to take a circuitous route around the base. Soviet officers filled the town's restaurants and occupied the rental boats on the local lake.
With the power positions now reversed, the pent-up resentment of the Germans is bubbling over. Someone has scrawled "Russians out!" on the concrete wall surrounding the compound. This week, an angry delegation of town council members had their first meeting with the base commander and present-
See DEFECT, Page 5

Kiosk

Dow Surges Over 68 Points

NEW YORK — Stock prices surged 68.07 points to 2,520.79 on the New York Stock Exchange Friday, boosted by lower oil prices and a U.S. budget accord.
The gain brought the rise in the Dow Jones Industrial average over the past two days to about 134 points, or more than 5 percent. (Page 10)
Crude oil prices dropped \$3 a barrel on increased optimism over the Gulf crisis. (Page 9)

Dow Close	
Up	68.07
2,520.79	

The Dollar in New York	
DM	1.5015
Pound	1.9695
Yen	125.95
FF	5.0275

MONEY

Making money from a falling market: the utility stocks. Page 14.



SATURDAY'S FORECAST — CHANNEL: Slight. FRANKFURT: Overcast. Temp. 15-8
 29-40. LONDON: Fair. Temp. 11-14 (4-2). MADRID: Fair. Temp. 32-19 (7-45).
 NEW YORK: Fair. Temp. 18-10 (64-20). PARIS: Fair. Temp. 50-40 (10-40).
 PHOENIX: Fair. Temp. 77-72 (25-22). TEL AVIV: Not Available. ZURICH: Cloudy. Temp. 17-25
 (63-77). BARCELONA: Showers. Temp. 22-23 (72-73). HONG KONG: Sunny. Temp. 25-27
 (77-81). MANILA: Part. Temp. 25-23 (77-73). MOSCOW: Cloudy. Temp. 21-7 (70-45).
 WASHINGTON: Fair. Temp. 25-23 (77-73). TOKYO: Fair. Temp. 22-18 (72-64).

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From the Heartland, Voices of Disillusionment

By Roberto Suro
New York Times Service

CHICAGO — What will happen when Don Campbell, a 67-year-old farmer from Williamsville, Illinois, enters the voting booth in November?

"It's sad," he said, as he sat atop a roaring tractor waiting to dump a trailer load of soybeans at the farmers' co-op, "but I feel like going in there and just voting against every incumbent on the list."

Though Williamsville is tiny, Mr. Campbell's is not a voice in the wilderness. In a 1,200-mile (1,900 kilometer) journey by automobile from Houston to Chicago, conversations with nearly 100 people from all walks of life indicated that the budget battle in Washington has awakened powerful anxieties and discontent.

The news from the capital, like a magnifying glass that intensifies sunlight into one burning spot, is focusing people's emotions. The budget stalemate, many said, is merely indicative of far greater problems.

They expressed a foreboding about the economy, worries and impatience over the Middle East crisis and, most of all, a bitter disillusionment with political leadership at all levels.

"I don't try to keep up with what they're doing in Washington anymore," said Joseph Lewis Tucker, 69, as he tended the roadside stand where he sells produce near Henning, Tennessee. "There's not a thing I or anyone else can do about it."

The mere mention of the budget impasse can ignite uncommon rage.

For instance, Jerry Barber, 53, greeted customers at her bookstore in Texarkana, Texas, with friendly grace, but when asked whether she was following the news on the budget, she responded sharply: "I sure am paying attention, because I know they can damn well cut that budget."

"I'll be perfectly willing to listen to talk about raising taxes, but not until they cut back, and I'm watching them."

Except for the proposed gasoline tax, people generally do not mention any of the specific measures being debated, although there is a vague sense that the taxing of the rich is at issue. Nor did anyone offer specific suggestions on how the budget deficit should be reduced.

No person, event or institution was singled out to bear the blame. President George Bush was criticized not so much for his role in the budget debate as for his failure to justify the reversal of his "read my lips" campaign pledge not to raise taxes.

"I am a solid Bush supporter," said Mark Wilcox, 54, a marketing executive from Kennebunk, Maine, who was in St. Louis, Missouri, on Monday for a business meeting. "But I think he's really hurt himself because he didn't come out at the beginning and deal with the people honestly and say: 'I made a mistake. There will have to be tax increases.'"

In Houston's affluent Memorial neighborhood, which Mr. Bush once represented in Congress, the wives of lawyers, oil company executives and other professionals gather each morning in the parking lot of the Pines Presbyterian Pre-School to chat after they have dropped off their children.

Talking to two friends across the hood of a station

I don't try to keep up with what they're doing in Washington anymore. There's not a thing I or anyone else can do about it.

Joseph Lewis Tucker, Henning, Tennessee

wagon, Denise Kleypas, 32, said, "I think what's going on in Washington is so frustrating."

"Increased taxes are going to be necessary," she said. "That's obvious. But Bush did say he was not going to raise taxes. He said that a lot. So now what does it mean to vote for him or anybody else? It makes you think we need a real shake-up in the whole system."

In Jefferson, Texas, train whistles hooted in the distance, and the sweetest fiddle music of Big Cypress Bayou blew in on the evening breeze as the Jefferson High School band gave a stumbling rendition of "The Star-Spangled Banner" at the start of a Friday night football game.

For many youngsters like those at the game, joining the armed forces has traditionally been the fastest way out of East Texas poverty. But military service took on a new meaning this summer.

"All of a sudden, signing up doesn't just mean a paycheck and job training," said John Wright, 42, a speech teacher who was collecting tickets at the gate.

Bo Byrd, 18, a junior who has a cousin and four friends serving in the Middle East operation, has long planned to enlist.

"I think if we just go fight this war we went over there to fight," he said, "we wouldn't be having the problem we have now of those men sitting in the desert for no reason."

Kenneth R. Carver, 67, retired to Jefferson after 37 years in the air force. Asked whether he had a solution for the budget problem, Mr. Carver thought for a moment and then said, "What I'd like to see — and I know it can't happen — is for every single member of Congress to get kicked out so we could start with a whole new group."

Arkadelphia, Arkansas, population 9,150, is a little more prosperous than many farming towns in the southern Arkansas clay country, because it has two universities and a little manufacturing.

Rubon Fendley's two-chair barbershop sits in a shaded neighborhood of old clapboard houses. It is a busy place on a Saturday afternoon. Mr. Fendley, 58, is dismayed.

"No one has bothered to explain what this budget thing is all about," he said. "Basically, all you hear is the Republicans blaming the Democrats and the Democrats blaming the Republicans."

In Memphis, the Foote Homes, a public housing project built in the 1950s, sits about a mile from where the Reverend Martin Luther King Jr. was assassinated in 1968.

On a balmy Sunday morning, Fred Butler and some of his friends, all of them black, gathered on a sidewalk to talk about how a bad situation for black Americans was getting worse despite the opening of some opportunities since the days of the civil-rights struggle.

Mr. Butler, 50, complained: "They're coming around saying the government needs more money, but then they send all that money to fight a war over yonder when the main thing is, they should have solved all the problems around here first. It's just like Vietnam."

The intersection of Cicero and Milwaukee avenues on Chicago's Northwest Side is at the center of an old but seemingly vibrant working-class neighborhood. But inside one of the many new commercial establishments, the Seven Cousins sandwich shop — recently opened by two sisters, Marge Sergio and Karen LaPalermo — there is gloom.

"What I can't believe is that they're talking about cutting the benefits to the old people," Mrs. LaPalermo said. "They got to live on almost nothing as it is."

"To me," she said, "neither side does anything for you, so it doesn't matter how you vote. We're worried about where the country's going, but we can't change anything, not anything. It's scary. It's not supposed to be this way."

Democrats' Gamble: It's Safe to Talk Taxes Again

By R.W. Apple Jr.
New York Times Service

WASHINGTON — As Congress moves toward completion of a budget package, the Democrats, who control both the Senate and the House of Representatives, are betting that the Reagan era is really over.

For six long years, from the defeat of Walter F. Mondale in the 1984 presidential election until a few months ago, Democratic politicians were on the defensive on taxes.

"There they go again," Ronald Reagan and his fellow Republicans would say, "raising your taxes." And the Democrats would scurry for cover.

Now Mr. Reagan is gone from the Washington scene. President George Bush has abandoned his no-new-taxes pledge, oil prices are soaring, the economy is slumping and the deficit threatens to race out of control under the impact of the savings-and-loan bailout and the Gulf crisis.

The Democrats feel free to utter the dreaded "T-word" again, though they prefer to talk about "fairness" and, like

Franklin D. Roosevelt and Hubert H. Humphrey and Lyndon B. Johnson, to preach that old-time religion about soaking the rich.

Are the Democrats right? Have times really changed? Or are they just deluding themselves? Are they walking into a trap?

NEWS ANALYSIS

The Senate and House conferees who were laboring Friday to produce a bill to send to Mr. Bush will almost certainly agree, if they agree at all, on a measure that imposes new taxes of some kind on the wealthy.

Representative Dan Rostenkowski of Illinois, chairman of the Ways and Means Committee, pushed that sort of bill through the House earlier this week, and although the Senate as a whole preferred milder medicine, many Democratic senators actually favored his approach of making the privileged pay more.

But a few Democrats on Capitol Hill, and many who ply their trade far from

Washington, believe that Mr. Reagan's anti-tax fervor is still alive.

Governor James J. Florio of New Jersey, for example, is facing a fierce popular revolt against his policies, including a program of higher taxes.

Representative J. Lee Long of Indiana, who won a special election on a no-new-taxes platform last year, is running far ahead this year by saying much the same thing.

For the moment, however, the Democrats are generally defining the Republicans, for political purposes, as the protectors of the rich, rather than the Republicans' defining the Democrats as the tax-and-spend crowd.

"The landscape has changed," said Douglas Schoen, who helps plan campaigns for Democratic candidates, "but the vast majority of people still think that waste, not inadequate revenues, is the problem in Washington. So I tell my candidates that they have to establish their fiscal prudence first, then emphasize that they're taking the burden off working people. Otherwise, the Republicans can make us the tax-raising party again, and we lose."

One thing that is different about the political landscape is the replacement of Mr. Reagan by Mr. Bush, who has less of a core constituency behind him and lacks Mr. Reagan's almost magical ability to make any talk of tax increases a threat to working people, whatever the fiscal reality.

Another is the growing belief of large numbers of voters, reflected in many recent opinion surveys, that the 1980s were full of excesses that will have to be paid for sooner or later, by somebody or other.

Relatively few people argue any longer that cutting taxes would balance the budget, as Mr. Reagan and the supply-siders insisted with great success in the previous decade.

"Politics does have some roots, however fragile, in reality," said Thomas Donilon, a Washington lawyer and Democratic strategist. "Bush gave up the Republicans' strongest political hammer — the no-new-taxes pledge — because he couldn't postpone the day of reckoning anymore. The budget mess couldn't be allowed to continue. That changes the political equation."

Budget Makers Are Putting the Bite on Just About Everyone

By Bill McAllister
Washington Post Service

WASHINGTON — Most veterans would have to pay \$2 every time they picked up a prescription from one of the nation's 172 veterans' hospitals. Boat owners could face a \$25-a-boat fee.

Medicare premiums could rise \$1.30 a month, and students at trade schools and community colleges might have a tougher time getting federal loans. Companies that operated unsafe mines would face much stiffer fines, as would employers who violated child labor laws. Fines would increase from

\$1,000 for each child labor violation to \$10,000.

Those are some of the little ways in which a budget agreement could affect the lives of millions of Americans. Although the final details of cuts in federal programs and increases in taxes have not been set by Congress, plans proposed by the House and Senate show that legislators intend that a wide number of programs will be affected.

Motorists would be hit hardest by the increase in the gasoline tax in the Senate bill — from the current 9 cents per gallon to 18½ cents.

The House bill would retain the 9-cent-a-gallon tax.

Travelers would feel the impact in other ways, too. Airline ticket taxes would be increased in both the House and Senate bills, from the current 8 percent to 10 percent.

The Senate would impose about \$1 billion in booster fees over five years but has not specified what type of fee should be charged. The House plan would collect \$173 million over five years. Among the possibilities, however, are a \$25-per-boat fee or fees for boat licensing and inspection.

Both the House and Senate bud-

get packages call for a fivefold increase in the amount of fines the Labor Department could levy against employers who violated the Occupational Safety and Health Act and a threefold increase for mine owners who violated federal safety laws.

While most of the budget proposals are likely to cost the average American, one of the biggest payouts is the \$15 billion child-care bill being offered by the Senate. The proposal, which has the blessing of the White House, would provide earned-income tax credits for

low-income workers and establish grant programs in the states to set up child-care facilities.

Both House and Senate plans would make it harder for students to use a federally guaranteed loan to attend proprietary trade schools or community colleges, which tend to attract low-income students and have higher loan default rates. Being banned from the loan program could drive some trade schools out of business and reduce enrollments in budgets of public community colleges, according to some education experts.

Congress Stalls On a Campaign Funding Measure

Washington Post Service

WASHINGTON — Legislation to overhaul the much-criticized system of financing congressional campaigns is dead for the current session of Congress, a sponsor of the bill said.

"It's over," said Senator David L. Boren, Democrat of Oklahoma, the chief sponsor of the Senate version of the bill. He was referring to prospects of reaching a House-Senate compromise acceptable to President George Bush before the 101st Congress adjourns.

But Mr. Boren said Thursday that efforts to pass the legislation would be stepped up when the 102d Congress convened in January, and he contended that progress made this year would improve chances for enactment next year.

This year's drive to curb the soaring costs of congressional campaigns was the strongest in a decade or more. But it fizzled after the two houses approved different versions of legislation to impose voluntary limits on spending and after Mr. Bush threatened to veto any legislation with spending limits.

The Senate bill would have banned federal election contributions from political action committees, while the House measure would have limited such contributions. Unlike the House, the Senate proposed public financing to encourage candidates to abide by spending ceilings.

Quake Jars Eastern Canada

The Associated Press

OTTAWA — An earthquake measuring 5.2 on the Richter scale jolted eastern Canada and northern New York and Vermont before dawn on Friday, but there were no reports of damage or injuries.



WEATHER AFFRONT — The roof of this apartment building was torn off when a tornado touched down in Reisterstown, a Baltimore suburb. The tornado was one of several spawned by heavy storms that sped across the eastern seaboard Thursday and Friday, injuring about 50 people, drenching the area with torrential rains and leaving tens of thousands of people without electricity.

AMERICAN TOPICS

3,000 'Killer' Bees in Texas Mark First Advance Into U.S.

"Killer" bees, spreading steadily northward since escaping in 1957 from a Brazilian cross-breeding of domestic bees with African bees, were found in Texas this week — the first time they had been sighted in the United States except for isolated finds in ship holds. A swarm of about 3,000 was trapped and destroyed near Hidalgo, Texas, just north of the Mexican border. U.S. Agricultural Department scientists fanned out along the border to look for more swarms.

Nicknamed killer bees because of their irritability and tendency to sting repeatedly, the bees have caused hundreds of deaths, as

well as livestock losses, in Central and South America since 1957.

Experts say that chances of a fatal encounter are slight, and that the real threat is to the multimillion-dollar American honey and pollination industries. They say infiltration by Africanized bees has resulted in a 60 to 70 percent drop in honey production in Central and South America.

Short Takes

George Washington, nearly two centuries after his death, has been found not guilty of treason. Bewigged British lawyers and American attorneys in business suits contended the case in a mock trial at Lincoln's Inn in London, one of four associations of British barristers. The three British judges found that Washington's leadership of a colonial revolt was outweighed by Britain's denying of the colonists' rights to self-determination and parliamentary representation.

More than a decade after television stations began including invisible subtitles in broadcasts that can be made visible to the hard of

hearing with the use of a decoding device costing about \$200, Congress has passed legislation that will make this technology much cheaper. After July 1993 any TV set sold in the United States with a 13-inch (33-centimeter) screen or larger, wherever manufactured, will have to be equipped with a computer chip that provides the captions at the push of a button. The chip will add up to \$10 to the set's cost. The technology also is helpful to people who are trying to improve their English.

Sergei N. Khrushchev, son of the late Soviet leader who once told the Western world, "We will bury you," has in turn buried his father's boast. A member of a 290-member Soviet delegation making a goodwill tour of Kansas, Mr. Khrushchev said his father continued until his death in 1971 to believe that Russian socialism was the best political system. "He proved to be wrong," the son said, "in the sense that socialism would triumph over capitalism."

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Free to Defend the Saudis

Saudi Arabia is letting the world know that it will continue to balance the oil markets, keeping its customers' welfare carefully in mind. The Saudi authorities said recently that they were proceeding to take their production back up during the next several years to 10 million barrels a day, nearly twice the level of last summer before Iraq invaded Kuwait. The purpose of the disclosure was to remind their allies, beginning with the Americans, why those allies have troops sitting expensively in the Saudi desert and warships in the Gulf. The message is that the defense of Saudi Arabia may cost a lot of money, but it is not a bad investment.

That is probably true. It is also true that the stabilizing of oil prices is not the only reason for American soldiers to be there. A larger one is Iraq's hunger to dominate the Middle East, and its demonstrated willingness to use its missiles and forbidden weapons for that purpose. But Saudi Arabia wants to reassure its defenders that, even in narrowly financial terms, they will not lose by preserving Saudi control over the world's largest pool of oil.

Unlike the other leading oil-producing countries, Saudi Arabia, with its minimal domestic requirements and its enormous accumulated wealth, has wide discretion in

deciding from month to month how much to pump. After the Iranian revolution in 1979, when Iranian production dropped, the Saudis quickly brought production up to nearly 10 million barrels a day. By 1985, with production rising in other countries in response to sky-high prices, the Saudis' production was down to a third of the 1980 level. Now it is rapidly coming back up.

That is welcome, and it will mitigate the impact of the Iraq boycott on the world's economy. But it is necessary to keep firmly in mind that Saudi interests are not precisely the same as U.S. interests. The Saudis understandably want their friends — and particularly America — firmly impressed with the absolute necessity of defending them. But America and all other oil-importing countries know that they need to organize energy requirements to allow them, in the extreme case, to do without the Gulf's oil. The Gulf region is desperately unstable in every political and military sense. The United States cannot allow itself to remain in a position in which, regardless of any other responsibility or any other circumstance, it is imperatively required to defend Saudi Arabia and its government. It must make itself free to do so not out of necessity but by choice.

— THE WASHINGTON POST

Accounting for the MIAs

The warming between the United States and Vietnam this week brought to Washington Nguyen Co Thach, deputy prime minister and foreign minister. He had seen Secretary of State James Baker in New York. In Washington he met with, among others, John Vessey, the retired general named by President George Bush to tend the anguishing issue of the 1,700 Americans still listed as unaccounted for 15 years after the Vietnam War. The two reported "new levels of cooperation" in pursuing MIAs lost in Vietnam and Laos.

The Hanoi-Washington thaw began last summer, when the United States reversed course on the neuralgic issue of Cambodia and started treating Vietnam not simply as an antagonist supporting a puppet government in Phnom Penh but as a necessary partner in negotiating civil peace. The international, regional and Cambodian actors are now engaged in testing this approach. Progress achieved so far has brought Vietnam close to satisfying the principal American condition — a Cambodian settlement — for normalizing ties and ending its punishing economic isolation. But as it must, Washington continues to declare that the "pace and scope" of normalization

hinges on Vietnam's cooperation on MIAs.

The Vietnamese have their own sources of bitterness toward the United States. But no aspect of Vietnam's conduct has produced more bitterness among Americans than its toying with the MIA/POW issue over the years. At first it seemed (and to some it still does) that Hanoi was playing this card against delivery on American pledges of reconstruction aid — pledges that Washington considered voided by Vietnamese violations of the Paris peace accords.

Then it seemed the issue was caught up in internal Vietnamese wrangling. Information and remains have come out painfully slowly and incompletely, gratifying and frustrating Americans at the same time. Questions linger about whether some live Americans remain behind, though Vietnam denies it. Would it help, as some suggest, to devise categories of "unregistered" POWs or "deserters" to skirt Hanoi's insistence that no American "prisoners" remain "under its control"?

The Vietnamese should understand that a great many Americans, across the political spectrum, will be watching to see how fully and promptly Hanoi makes good on its latest vows about MIAs.

— THE WASHINGTON POST

A Smaller Keating Crew?

The Senate Ethics Committee will soon disclose whether the "Keating Five" will be reduced to a smaller group of senators accused of ethical improprieties in a major U.S. savings and loan scandal.

Each senator's involvement was different and each is entitled to an unbiased hearing, but if the committee plans to exonerate any of the five, it had better be prepared to explain its action.

The Keating Five earned their name and notoriety because they met three years ago with federal regulators who were closing in on Charles Keating, a powerful California S&L operator. Mr. Keating had contributed to the senators' political campaigns. According to reports from Washington, Robert Bennett, the committee's special counsel, is recommending further investigation of Senators Alan Cranston, Donald Riegle and Dennis DeConcini, but would drop charges against Senators John Glenn and John McCain.

Mr. Cranston, Mr. Riegle and Mr. DeConcini may indeed have been more deeply involved in questionable dealings with Mr. Keating, who now confronts various legal proceedings and languishes in a Los Angeles jail. They received more money from him than the others did, and seem to have done him more favors in his battle against what he deemed oppressive regulation. In

addition, Mr. Glenn and Mr. McCain were more successful in distancing themselves from Mr. Keating after the first two meetings with the regulators. Four of the five senators attended the first meeting; all of them attended the second.

Should a senator be disciplined just for showing up at a meeting that advances the interest of a constituent or donor? The answer may depend on the size, timing and context of the meeting — all factors for the Ethics Committee to weigh. Mr. Glenn and Mr. McCain may not have been ringleaders in the drive to get regulators off Mr. Keating's back. But they must have understood the significance of an imposing gathering of five powerful senators.

Congress, which sets its own ethical rules, bears heavy responsibility for the S&L debacle. It is not always easy to draw clear lines between improper influence-peddling and valid constituent services.

But the Ethics Committee has the duty to try. That means reaching a verdict on each involved in the Keating crew, publishing the evidence against each and explaining why it chose to treat some differently from others. Only then can the committee define right and wrong — and point the way to higher standards of behavior.

— THE NEW YORK TIMES

Other Comment

A Wider Role for Japan

In a move that will bring understandable nervousness in the Asia-Pacific region, Prime Minister Kaifu has outlined plans to send military personnel to the Gulf in a noncombatant role. The decision seems a sensible compromise to a question that has vexed the Kaifu government. Japan, heavily dependent on Middle East oil, has as much to lose as most from conflagration there. Against this backdrop, the move to send troops is hardly as measured as anti-military sentiments within Japan and international reaction.

The wider aspect of the dispatch of logistical teams — still to be approved by Parliament — is its relevance to the shifting of Japan, economic superpower, to a diplomatic and strategic role. Forty-five years after World War II, sole reliance on financial clout as a claim for a place in world affairs may be seen as an imbalance. Japan's financial impact is so great it seems vital that it be encouraged to seek a wider, responsible role within international partnership. There will naturally be misgivings, but the eddies of rapid international change have reached the Pacific.

— The Age (Melbourne)

Saddam Feels the Squeeze

Saddam Hussein can be expected to explore every option before giving in. There are signs that he has started the exploration. The Soviet envoy Yevgeni Primakov, after meeting the dictator, suggested that Iraq might withdraw from Kuwait in return for the acquisition of Babiyani Island and other concessions. Secretary of State James Baker was right to rebuke the suggestion. But the idea has the look of an authentic trial balloon.

Two or three months were needed after the invasion of Kuwait before Baghdad could begin to think about being pinched by economic sanctions. That time appears to have come. The dictator is looking forward to lean times. The Iraqi ruler's latest propaganda ploy is to offer oil to his enemies at \$21 a barrel, the price he was seeking when the rate was \$14. But there is no need to bite at this. Iraq needs the West's dollars more than the West needs Iraq's oil.

There is every reason to think that the policies designed to roll back Iraq's invasion through economic pressure are starting to make themselves felt in Iraq.

— The Baltimore Sun

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Memories of Tehran: U.S. Envoys in Iraq Take Precautions

By John F. Burns

BAGHDAD—At the U.S. Embassy, it has become an almost daily ritual: crowds of protesters biased in by the government from across Baghdad to shout slogans against President George Bush, against America and against what the demonstrators have been told is a U.S. policy of starving Iraq because of its occupation of Kuwait.

The U.S. flag still hangs limply in the hot breezes, but otherwise much at the embassy has changed. Diplomats inside the cluster of stucco buildings, mindful of what happened at the U.S. Embassy in Tehran in 1979, when protests gave way to a mob storming the mission and taking hostages, have taken elaborate precautions.

Classified documents have been shredded, and the shredded paper has been burned. The embassy's detachment of Marine guards has left the country, and their weapons have been destroyed. Equipment for validating visas and pas-

ports has been smashed, and the station chief for the Central Intelligence Agency, whose name was known to the Iraqi authorities under agreements between the two governments, has left.

Concerns about what might happen if war broke out over Kuwait are never far away, but they do not appear, so far, to have eroded morale. For one thing, the diplomats have their eyes fixed on their small band of colleagues in the embassy in Kuwait, where stocks of water and food are dwindling.

Food in Baghdad is plentiful, and, unlike the situation in Kuwait, there is only a token Iraqi Army presence outside the Baghdad mission, usually two soldiers with AK-47 rifles.

Still, there are few assumptions about the future. "Just because they've done so far," a diplomat said, "you don't blithely assume that the Iraqis will respect diplomatic protocols forever. It's like a Baghdad version of musical chairs: You don't want to be here when the music stops."

Even the protests have been an occasion for relief, with one of the six remaining Baghdad-based diplomats, Stephen J. Thibault, venturing through the wall that surrounds the embassy to debate with demonstrators. Mr. Thibault, 38, is an assistant public-affairs officer whose previous job was a 14-year stint at the Boston Public Library, but his approach in the street has been decisively unbookish.

"Why is Uday not in the army?" he said one day, during a lull in the chants. His reference was to Uday Hussein, the oldest son of President Saddam Hussein, whose activities, including the reported shooting in October 1988 of the chief of his father's security detail, have been controversial.

Mr. Thibault, a stocky figure with a shock of curly, reddish hair, has offered other ripostes.

"Why does the Iraqi Army have milk?" he asked, when hundreds of women and children lined up to chant against Mr. Bush, who Iraq has said is using the

United Nations trade embargo to deny Iraqi children milk.

In fact, stores in Baghdad have plentiful supplies of fresh and powdered milk, if at higher prices than usual, and UN embargo rules allow Baghdad to ask international relief agencies for more at any time.

The protests have also given the embassy a mascot. While the crowds were gathered one day, an Iraqi staff member sneaked outside and found, beneath an embassy car, a kitten, apparently abandoned by its mother. The ginger-and-white kitten is now fed with a pipette, by diplomats and by American reporters using the information agency's offices.

Scouting for a name, the diplomats fixed on the most frequently shouted slogan at the protests, "Bush boshi!" — "Bush is nothing!" The kitten is called Bosh.

Under Joseph C. Wilson, chargé d'affaires at the embassy in the absence of Ambassador April C. Glaspi, who was on vacation when the invasion of Kuwait

occurred, the embassy has taken on unusually diverse functions.

Among other things, it serves as a dormitory for some of the 54 American diplomats and dependents, mostly adult sons, who were evacuated from Kuwait in August, then denied permission to leave Iraq.

Because direct contacts between the embassy and Mr. Hussein's government over the Kuwait crisis are only sporadic, the diplomats' most pressing work has been in assisting as many as possible of the 1,000 nondiplomatic American men who were caught in Iraq and Kuwait.

In some cases, this has involved arranging "safe haven" for the men in diplomatic residences. In others, it has meant chartering Iraqi aircraft to fly evacuees from Kuwait to Baghdad and onward to the United States. The only men permitted on these flights so far have been Arab-Americans, Arab men married to American women and Arab men with American children.

BUDGET: Stopgap Bill Signed

(Continued from page 1)

brunt of the increases on the wealthy.

The Senate bill, which the president has said he would support, would not affect the income taxes of most people but would hit the middle and lower classes by more than doubling the federal gasoline tax and by cutting Medicare benefits.

House Democrats indicated a willingness Friday to negotiate a compromise that includes some increase in the gasoline tax, but they insisted that Mr. Bush accept a higher burden on the rich.

"Obviously, compromises are required," the House speaker, Thomas S. Foley of Washington, said after a party caucus. "The insistence of the president in having no income tax changes seems to be inexplicable and inflexible."

At the White House Mr. Bush said the Senate bill "offers some real hope for getting the budget deficit under control."

Senate leaders of both parties managed over two days to beat back several amendments that would have made the Senate bill more like the House version.

Both versions are supposed to cut the federal deficit, now about \$300 billion, by \$40 billion this year and \$300 billion over five years through a range of tax increases and spending reductions.

Representative Dan Rostenkowski, Democrat of Illinois, who is chairman of the tax-writing Ways and Means Committee and a mem-

ber of the conference committee, said at a meeting of about 50 Democratic leaders before the negotiations began that they should be prepared for substantial compromises to reach an outcome that could pass the more conservative Senate and that could be signed by the president.

According to people who were at this meeting, some Democrats argued that the conferees should adopt a bill that would invite a presidential veto and force Mr. Bush to defend it two weeks before the congressional elections. But that was said to be the minority view, and most of the Democrats favored striving for a compromise.

The House bill would suspend for one year the adjustment of tax brackets and personal exemptions for inflation in a step that would cost a few hundred dollars a year in extra taxes for middle-income taxpayers.

But by raising the top tax rate, increasing the alternative minimum tax and levying a surtax on millionaires, the House bill would cost the wealthiest 1 percent of taxpayers — those with incomes of more than \$200,000 — about \$11,000 a year in additional taxes.

A study by the nonpartisan staff of the Congressional Joint Tax Committee shows that the House bill would increase the taxes of those with incomes of more than \$200,000 by 7.4 percent, compared with 3.7 percent under the Senate bill.

TROOPS: Rotation Plan

(Continued from page 1)

arrival of heavier, more potent forces.

Most other rotations would not begin until January, the officials said. The services are proposing that troops rotate with their units rather than as individuals, which was the method used in the Vietnam War.

Army and Marine Corps officials are considering rotations that would keep combat units in the region about six months and combat support forces there about a year. Officials said most of the six-month rotations would actually keep the troops away from their home bases for up to eight months because of the time required to move.

Some small, critical units may not be allowed to rotate, because there are no comparable units to replace them, the officials said.

In addition to the 208,000 American forces and about 40,000 combat-ready Saudi troops in the region, European and other Arab nations have dispatched about 42,000 of their promised 95,000 forces to the Arabian Peninsula, according to U.S. and Arab officials.

'BEIRUT: Lebanon Accuses France of Undermining Its Authority by Requesting Inquiry

(Continued from page 1)

curred during the Syrian-led offensive on Saturday that ended the Christian leader's 11-month minority against the government.

Hospital sources in General Aoun's former stronghold in Metn, northeast of Beirut, have said that about 100 soldiers loyal to the deposed leader were captured and executed after the battle Saturday.

The Defense Ministry said reports that General Aoun's troops had been massacred after surrendering were "absolutely baseless." A ministry communiqué said that any of General Aoun's troops who had died "fell in the military operation."

About 350 people were killed and 1,200 wounded in the eight-hour air and ground assault, according to the police. They said the fatalities included at least 100 Syrian soldiers.

President Hrawi accused General Aoun of ordering his troops to continue fighting even after he had broadcast his message of surrender.

Mr. Hrawi said General Aoun had told his forces in a radio message: "I'm in the French Embassy. The outcome will be favorable to us. Go on. Go on fighting." "These were the orders Aoun relayed to his forces, even after his message of surrender was broadcast," Mr. Hrawi said in remarks released by his office.

In Beirut, several Lebanese dailies accused France of "orchestrating a campaign of denigration" against the Lebanese government to force it to allow General Aoun to leave the country.

The newspaper *As Safer*, citing presidential sources, said that re-

ports of massacres were "a fiction invented by the French Embassy" to "pressure the Lebanese government into renouncing its right to try General Aoun."

The leader of the French opposition Republican Party, François Léotard, denounced French policy

in Lebanon and denied the legitimacy of the Lebanese government.

Echoing criticism from fellow rightist leaders, Mr. Léotard said Mr. Hrawi's government "can in no way be considered legitimate."

"France's support for this gov-

ernment is responsible for the tragedy that we are witnessing today," he said.

He called on the government to use the "considerable means of pressure" that France has to influence the policy of President Hafez Assad of Syria. (AFP, AP, Reuters)

GULF: Soviet Envoy Meets Bush

(Continued from page 1)

varly reassured Mr. Bush that "we're with you" on demanding full implementation of resolutions passed by the United Nations.

One administration official said the Soviet envoy had not come with an "optimistic point of view" on the situation in the Gulf.

Mr. Primakov, who has known Mr. Hussein for 20 years, said he found the Iraqi leader isolated from reality and urged Mr. Bush to continue to emphasize that the international community was solidly against the Iraqi leader.

Administration sources said expectations for Friday's meeting had become "overblown" in recent days, saying that there was no evidence of increased flexibility from the Iraqis.

Mr. Primakov had gone to Baghdad principally to examine the state of Soviet citizens still trapped there. He was able to visit with the Iraqi leader, but one source said that Mr. Hussein had largely restated the Iraqi line and that Mr. Primakov had responded that the Iraqis had to comply with the UN resolutions.

Mr. Fitzwater said Mr. Bush also used the meeting with Mr. Primakov to reaffirm the U.S. position that there should be no linkage between the Gulf conflict and a settlement of the Israeli-Palestinian dispute.

Mr. Bush and Mr. Primakov briefly discussed possible new resolutions for the United Nations to consider, particularly one referring to Iraqi treatment of foreign embassies in Kuwait.

IRAQ: Plan to Ration Gasoline

(Continued from page 1)

prices skyrocketed on the world market.

In what was interpreted as an effort to force down prices, Mr. Shalabi announced Thursday that Iraq would sell oil to any buyer — including the United States — for \$21 a barrel, the price set by OPEC before the invasion of Kuwait.

The offer appeared nearly meaningless in practice, however.

Mr. Shalabi said "a number of countries" had expressed interest in Iraq's offer, made Sept. 10, to give free oil to Third World countries. But the embargo has prevent-

ed any oil from leaving Iraq, he said.

"They are trying to find ways and means to lift the oil," he added, declining to name the countries involved.

He also said that Iraq had begun supplying Jordan with 60,000 barrels a day so that it could meet its daily needs. Jordan had previously received about 40 percent of its oil from Iraq. It was largely transported by trucks across the desert. Saudi Arabia provided about half and Jordan made up the difference through other foreign purchases and its own tiny production.

DEFECT: Red Army in Germany

(Continued from page 1)

ed a long list of demands — property rights, the reopening of the highway, fewer training flights, quieter exercises.

Outside the base's main gate, communism and capitalism meet in a bizarre bazaar. Soviets through outside a makeshift "hi-fi-video" market, stocking up on radio/cassette players and videocassette recorders. Nearby, Germans peddle jeans and other Western attire. Soldiers inspect a row of used West German cars for sale — no rubles accepted.

Since July, Soviet soldiers have received their pay in Deutsche marks, from the Bonn government. Most young conscripts get 25 DM (\$17) a month, hardly enough to become wealthy, but enough to acquire a taste of life in the West.

Also, a supermarket chain from western Germany has opened a branch in a warehouse in Wiesbaden. The aisles are packed with Soviet families stocking up on toilet paper, chocolate, yogurt and eggs — scarce items on the base.

"Our customers get very angry when they come in the evening and try to shop and the place is packed with Russians," said Dieter Werner, the supermarket manager.

Some Soviet soldiers are quick to acknowledge that they hope to avoid returning to their homeland. Elnard, a soldier from Armenia who has been in Germany for four

years, said he wanted to stay because "there are more luxuries and fewer problems here."

Lutz Stavenhagen, an aide to Mr. Kohl, said: "I think the Soviets will withdraw sooner than scheduled if they can solve their housing problem. Two years would be optimal. In the meantime, they will try to keep a very low profile."

The strains, meanwhile, are likely to intensify. Mr. Kohl recently received a letter from about 400 wives of Soviet soldiers in Potsdam imploring him to save them from being sent back to a village 160 kilometers from the site of the Chernobyl nuclear disaster.

Asked about it, a Soviet spokesman said, "These women were misinformed. Things aren't as bad as they say."

But Mr. Logvinov, the Soviet diplomat, said he had heard of soldiers who returned to the Soviet Union from Hungary or Czechoslovakia, could not find apartments and so were forced to move in with relatives in the Chernobyl area.

The Soviets are trying to calm German civilians and make the troop presence as unobtrusive as possible. At some bases, troops are confined to barracks. The Soviets are holding open houses, inviting Germans to enter zones that had long been forbidden.

But the sure cure, Germans and Soviets agree, is the 28-hour train trip from Wiesbaden to Moscow.



COURVOISIER.
And the evening began.

PARIS FASHION

Lagerfeld 'Airborne' With Wit

By Suzy Menkes
International Herald Tribune

PARIS — Karl Lagerfeld's long identity crisis with his own label came to a happy ending yesterday. He sent out a collection that lit up the runway and expressed the best of himself. It was colorful, witty, feminine, fun and, above all, modern in its conception: that clothes are chameleons, taking their form from the body and their style from the way they are put together.

Dresses became tunics as they slipped over the mid-calf leggings, worn with ankle boots, that were a signature of the show. Jackets — and they were as plentiful as apples in autumn — came as soft as blouses, as brief boleros over high-rise skirts or as curly coat dresses. Chiffon, mixed with lace as the nighttime story, ducked and weaved and fluttered across the body.

"Airborne," said Kalman Rabinovitch of Bloomingdale's, to sum up the light fabrics and the fact that KL has finally taken off. Stores that have stuck with this line through thick and sometimes pretty thin, were ecstatic.

"Terrific," said Joan Kaner of Neiman-Marcus. "It needed editing, but there are enough ideas there to feel the '90s." Norman Norell in the United States is the latest house to be begging Lagerfeld to revive its label. No wonder. His tailoring is inventive: jackets cut close to the body, scooped up to the waist at the front or curving long over the leggings. These jackets have small shoulders and are cut close to the body line, and when rare skirts appear, it was always with matching hose, stretch shorts or leggings to fill in the space between thigh and foot.

Soft knits in a silky finish just melted over the body. Other tops flared, swung or fluttered out, but the body was always the base line, with stretch cycle shorts, leggings and bodysuits, sometimes in prints that Lagerfeld is not good at. The fluidity, and the airy fabrics were counterpointed by geometrics: jackets blocked in bright primary colors, and the same effect for swimwear and for sequined modern-art evening dresses that got an ovation.

"You know me, I like the future



Karl Lagerfeld's sequined dress in bright blocks of color.

and not the past," said Lagerfeld as he took the congratulations.

Now that he has at last put his heart into this KL collection, he might one day envisage a future without Chanel.

Thierry Mugler has taken a shine to vinyl. Glistening skin-tight leggings would have been the star of his crazy fashion spectacular — had he not served up Diana Ross, slipping out of her skirt on the runway, Lauren Hutton sping the

sex-pot models, the panther-like Iman in a robot suit, and Mick Jagger's sultry daughter Jade, who wore the only soft and sensible little black dress.

Other showstoppers included model silver bras, snakeskin bustiers, dresses slatted like venetian blinds and French farce maids' costumes in gingham with vinyl aprons and hot pants.

Mugler will launch a fragrance, backed by Clarins in 1992. He

might be forgiven, this once, for showing, two hours late, a night of follies. Next time it would be good to see a few more of the curly little suits, the impeccable jackets and the laser-sharp tailoring for which Bergdorf Goodman will open a Mugler boutique next season.

Martin Margiela, leader of what the French dub the "deconstructivist" movement, is also a fine cutter, making fluid bias-to-the-body dresses, always with the long skirts he prefers.

Showing in an empty garage on a seedy backstreet, Margiela, ex-assistant of Gaultier, had a whiff of the 1970s in his models' smudgy eye-liner and hair scattered with rose petals. Net or chiffon veiling jeans is part of the current fad for transparency. The fluid dresses could be the start of something good.

Chloé's designer Martine Sitbon produced a well-behaved collection, with the sense of luxury that had faded when Lagerfeld left. Her tailoring was neat in navy with snow-white organdy at collar and cuffs, or in shades of gray with silver shoes.

Themes included flowery dresses, which looked too girlish and a strong group of soft knits, based on the tunic, in contrasting bright primary colors. The best of the show was in these clean colors, which came as cute bell-skirted dresses and jackets or as big blouses with narrow pants.

Givenchy's collection was pretty nice and perfect for his customer.

Modern trends were seamlessly absorbed into the house style: transparency as lace and fluttering floral chiffon at night; the bodysuit as something you wear under a tailored skirt; the return of femininity as Givenchy's signature shirtwaist dress; the miniskirt only as a modest wrap under an open-fronted evening dress.

Since fashion shows today are about theater, what this wearable collection needs is modern styling — flat shoes or toning hose — in the Givenchy image.

Nan Legal, president of Céline, was at the show, sitting behind the house's owner, Bernard Arnault. This fueled speculation that there will be management changes at Givenchy. (Béatrice Bonhôte of Dior is another name bandied about.) But Arnault said, after warmly congratulating Givenchy, that it was "just a fashion rumor."



Paul Nash's 1918 lithograph "Void of War."

Through the 'isms' With British Prints

By Claire Frankel

LONDON — Two hundred and thirty prints lining a room can add up to a very dull viewing. But the British Museum has neatly avoided this trap in their "Avant-Garde British Printmaking 1914-1960."

It is Vorticism — that extraordinary, if brief, British adventure which dared to show impatience with conventional British views — that is the starting point for the exhibition. Aspects of Futurism and Cubism are the foundation of this powerful movement, which is clearly enunciated in printmaking.

The exhibition begins with a woodcut, "The Open Window," 1914, by Vorticist Edward Wadsworth. Pale blue squares are an antidote to the rhythmic overlay in the foreground — stripes of brown and black on buff colored paper form striking patterns.

Surprisingly, the famous French sculptor and draughtsman Henri Gaudier-Brzeska completed only one linocut, "The Wrestlers," 1914, printed in black on off-white paper. Horace Brodsky, influenced by Gaudier-Brzeska, is credited as "the first serious artist in Britain to produce linocuts" and there is a dramatic affinity between his sensuous "The Bath," 1914, and "The Wrestlers."

But no imagined tableau could

ever produce the kind of artistic response provoked by war. As a result of his job in World War I as ambulance driver for the Red Cross in France, C. R. W. Nevinson had a London exhibition which contributed to his appointment as an official war artist. The dropcap "That Cursed Wood," 1918, refers to a Siegfried Sassoon poem in which an anxious brigade waiting to attack knows that "Tomorrow we must go / To take some cursed Wood. . . O world God made!"

In that same year, Paul Nash executed a lithograph on brown paper called "Void of War." Like Nevinson, he was appointed an official war artist and his 15 drawings just after the horrific battle of Passchendaele in Flanders were used as a basis for later work.

After the war, in the 1920s, the print market was almost entirely filled with Nash's woodcuts. "Almost" because artist Claude Flight began to exhibit color linocuts. His 1925 linocut "Street Singers," is printed from four blocks in yellow ochre, cobalt blue, vermilion and black on cream.

The exhibition moves into Surrealism and Constructivism, beginning with Ben Nicholson's linocuts and to the exciting album of John Banting's surrealist blueprints. Less familiar names also abound as you walk through the decades of changing "isms" and techniques. The show ends Jan. 6.

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ECONOMIC SCENE

A New Contrarian Fund
Bets on Soviet Companies

By Jonathan Fierbringer
New York Times Service

NEW YORK — There have been shortages of cigarettes to breathe in the Soviet Union. The troubled government is still seeking the right plan for a quick, but still painful, transition from the centrally run Communist economy to a market system. And the staying power of President Mikhail S. Gorbachev, despite his Nobel Peace Prize, is in doubt.

But Battery Financial Management, an investment management company known for the contrarian views of its founder, Dean LeBaron, still thinks this is the right time to bet as much as \$1 billion on the future of emerging companies in the Soviet Union.

So with an official backdrop provided by the auditorium of the Soviet Mission to the United Nations in New York, Mr. LeBaron and Vladimir F. Petrovsky, the deputy foreign minister of the Soviet Union, announced the start of the Soviet Companies Fund on Tuesday.

The fund, which will charge up to 2 percent in marketing and management fees, is the first such Soviet investment vehicle, Mr. LeBaron said. But the fund is also another in a growing list of approaches to the economic opportunities that promoters see in the Soviet Union and in Eastern and Central Europe. There have probably been more announcements than actual investments so far. And given the risks involved in ventures where both the governments and economies are moving into uncharted territory, all the investments face some real problems.

In the case of the Soviet Companies Fund, the initial investment appears to be an attractive way for a large corporation to get a small piece of the Soviet future. Unlike a joint venture, there is not the difficult process of choosing the right mate. But the longer-term bet is dicey. Getting the investment out depends on the development of a liquid Soviet stock market relatively quickly and an appetite for Soviet stocks.

Mr. LeBaron acknowledges the risk but is not deterred. His answer sounds like a contrarian's mantra. "Many good investments are made when there is public skepticism," he said. "By the time the skepticism is gone, often the opportunity has passed. This is the contrarian idea."

THE FUND, WHICH HOPES TO RAISE \$400 million to \$1 billion, is only for big corporate investors who may have a long-term interest in joint ventures and want to have access to developing Soviet technology.

The investors will be limited to 20 companies with a minimum investment of \$20 million. Mr. LeBaron is looking for investments from companies like Raytheon, Lockheed, Bechtel Power and others around the world.

The targets in the Soviet Union are the technologically advanced military contractors that are now beginning the transition to civilian and consumer production. Mr. Petrovsky said the government wanted the conversion process to focus on food processing, retail trade and catering services, communications, including radio and television broadcasting, civilian ships and aircraft and environmental protection.

The fund, which would hold only 2 percent to 5 percent stakes in these Soviet companies, would not get the investing companies as involved in the Soviet Union as a joint venture. It would allow them to survey the opportunities in Soviet technology. With this introduction — and the knowledge gained through their part ownership — they could decide on joint ventures in the future.

After three years, the Soviet Companies Fund would be dissolved, leaving the investing companies with the choice of holding their stock in the Soviet companies or selling out.

Mr. LeBaron said the money he raises will depend on the outlook for the new Soviet economic plan.

The investment depends on the development of a liquid Soviet stock market.

Germany Arrests 4 in Big Government Swindle

By John Tagliabue
New York Times Service

BERLIN — The German authorities have arrested four people they say were connected with a major series of swindles that cheated the Bonn government of at least \$328 million since July, according to a government prosecutor.

The plot, which rivals a spy novel for intricacy, is believed to have involved organized crime figures and possibly state officials in East European countries formerly ruled by communist governments.

Reports in several German newspapers said Thursday that senior officials of the former East German state security service were involved. But prosecutors said that

such conclusions were based only on rumor.

Essentially, those involved — probably from countries including Poland, Hungary, Yugoslavia and the Soviet Union — reportedly used falsified trade documents to obtain advantageous currency exchange rates at which they were able to convert the East bloc's trade unit, the transferable ruble, to Deutsche marks after the West German currency became the official currency of East Germany on July 1.

The announcement came the day after prosecutors confirmed that about \$169 million of the money had already been seized or frozen in various German bank accounts.

Margarete Braentigam, the prosecutor in Berlin who handles cases for financial criminality, refused to identify the four arrested. But a report in the weekly news magazine Stern gave one of their names as Matthias Gellert, who it said was the head of a Leipzig company called IMA Kontakt. Other news reports said at least one of those arrested was a woman and one was of Yugoslav nationality.

Justa Limbach, Berlin's state minister for justice, said orders had been issued for the arrest of at least one other person, who is at large and was not identified.

The case is the latest and the most stunning in a rising wave of organized crime in formerly Communist-ruled East European countries, where police control has

crumbled and smuggling, contraband and various other kinds of swindles have become widespread. The latest arrests underscore the breadth of the problem.

One senior city official said it was suspected that the trail of evidence might lead to the powerful Russian mafia.

The scandal is also potentially damaging to the government of Chancellor Helmut Kohl, which must seek reelection in December. Resentment runs high among West Germans over the financial favors done for the East, and there is widespread fear that despite assurances to the contrary, Mr. Kohl, if reelected, will have to raise taxes to support the costs of absorbing the East's dismal economy.

The Stilledeutsche Zeitung, a Munich daily, on Thursday quoted a Berlin justice official, Wolfgang Schomburg, as saying the losses suffered could go as high as \$1.9 billion. But Mrs. Limbach, who appeared at a news conference on Thursday with Mrs. Braentigam and is Mr. Schomburg's immediate superior, denied the assertion. In a statement, she said the available evidence at the moment does not allow the conclusion that more than \$328 million was involved.

The swindles were possible because of measures Bonn took in July to assure that then East German companies could continue doing business after the Deutsche mark was introduced to East Germany as the official currency.

EC Fails
On Farm
Accord

GATT Deadline
For December
Is Jeopardized

LUXEMBOURG — European Community agriculture ministers failed in their third attempt to reach an accord on cutting farm subsidies, Michael O'Kennedy, the Irish farm minister, said Friday.

Friday's failure, which is the third in two weeks, could damage prospects for the final stages of talks on freeing world trade under the Uruguay round of the General Agreement on Tariffs and Trade, diplomats said. The talks are scheduled to end in December.

EC agriculture ministers, who officially have only an advisory role on the Community's GATT policy, could forfeit their right to any further say in EC strategy in the talks due to their failure.

Foreign ministers, who are officially responsible for drafting the EC's strategy in GATT, plan to take up the farm issue Monday, Mr. O'Kennedy said.

But he added as he left Friday's Luxembourg meeting, "I'm confident views will not change there."

In fact, GATT negotiators in Geneva decided on Friday to press ahead next week with the farm talks without waiting for EC proposals, delegate sources said.

The agricultural negotiating group is to consult next week on what kind of government support to farmers would be permitted under a proposed subsidy-cutting pact, and how to cope with sudden import surges, the delegate sources said.

But the indecision in the EC — it is the only major agricultural power to have missed last Monday's deadline for submitting a subsidy-cutting plan to GATT — could still hurt the trade talks. GATT negotiators said that substantive bargaining on the basic issues of slashing production and export subsidies and opening markets to foreign food imports would have to await the putting forward of official proposals by the EC.

The farm group's Dutch negotiator, Aart de Zeeuw, said that negotiators could not afford to jeopardize their timetable by waiting for other countries to submit offers, the delegate sources said.

A proposal by the EC Commission to cut farm subsidies by 30 percent over the decade ending in 1996 has met strong resistance from Germany and France, which are worried about the likely impact for their politically influential farmers.

But the proposal makes no specific commitment on lowering export subsidies, which the United States and other countries want slashed 50 percent. They blame the subsidies for depressing prices and squeezing efficient but less wealthy farmers out of world markets.

Oil Plunges
\$3 on Hope
Of Peaceful
End to Crisis

The Associated Press

NEW YORK — Oil futures prices continued their roller-coaster ride Friday, ending sharply lower amid evidence of good supplies, slackened demand and hints that Iraq may be willing to negotiate a pullout from Kuwait.

The November contract for West Texas Intermediate crude, the benchmark grade of oil, fell \$3.01 on the New York Mercantile Exchange to settle at \$33.79 a barrel. For the week, it lost \$5.81.

"We're seeing a taming of the oil market," said Peter Beutel, an analyst with Pegasus Economic Inc. in Hoboken, New Jersey. "The market is proving it can take care of itself; prices got a little ahead of themselves, and the fundamentals don't warrant it."

Indeed, demand for home heating oil and diesel fuel for the week ended Oct. 12 was off a steep 30 percent from year-ago levels, Mr. Beutel said. Heating oil demand has been depressed by a very warm autumn, while consumers worried about a deepening recession seem to be driving less, which also has curbed the demand for gasoline, analysts said.

Home heating oil, in fact, registered the biggest move Friday, with the contract for November delivery plunging 8.11 cents to settle at \$8.40 cents a gallon on the Merc.

The decline came on the heels of a 1.74-cent loss on Thursday and represents a drop of nearly 17 cents from a week ago.

Among other refined products, wholesale unleaded gasoline lost 5.05 cents Friday to settle at \$7.91 cents a gallon.

In natural gas trading, the November contract closed at \$1.90 per 1,000 cubic feet, up from \$1.89 on Thursday.

Reports that members of the Organization of Petroleum Exporting Countries (OPEC) are meeting in Vienna to discuss a possible oil price freeze, which would be a major step toward ending the crisis, also helped to ease the market.

Tokyo Urges Firms to Boost Dividends

By Paul Blustein
Washington Post Service

TOKYO — In their zeal to conquer markets, Japanese corporations have traditionally paid scant attention to the concerns of shareholders. But on Friday they received a message from the government: Start paying your shareholders higher dividends.

The message was delivered by Mitsubishi Matsuo, director-general of the Finance Ministry's securities bureau, at a meeting of the Keidandren, the federation of major Japanese companies. According to a person who attended the meeting, Mr. Matsuo said: "It is important for companies to more fully consider the returns paid to investors."

Although Mr. Matsuo's wording was vague, Keidandren officials said there was no mistaking the fact that he was criticizing corporate Japan's dividend policies. And because the chairman came from the Finance Ministry, the most prestigious and powerful agency in the Japanese bureaucracy, corporate executives will have to pay close heed, the Keidandren officials said.

The development could mark the start of a shift in Japanese business attitudes. Japan's corporate giants are well known for putting the interests of their customers, employees and suppliers way ahead of their shareholders' interests. They can afford to do so without worrying about the threat of takeovers because in many cases, the majority

of their shares are held by corporate allies, typically suppliers and customers. One result is that Japanese companies tend to pay out a substantially lower percentage of their profits to shareholders than American firms do.

By indicating that it favors a higher-dividend policy, the Finance Ministry is implicitly endorsing some of the arguments advanced by T. Boone Pickens, the U.S. oilman, who sparked a debate here about shareholder rights when he launched a raid on a Tokyo auto-parts company.

Mr. Pickens and his allies argue that Japanese management violates the tenets of capitalism by ignoring the interests of owners. Moreover,

in his view, Japan's system of "cross-shareholding" among companies creates a clubby environment that protects the status quo and unfairly keeps newcomers from breaking into the Japanese market.

But defenders of the Japanese system say it has helped engender the nation's economic miracle by giving corporate managers the sense of security they need to invest in their companies' long-term future.

By prompting Japanese companies to boost their payouts, the Finance Ministry may help to buoy the Tokyo stock market, which despite a recent rally has been depressed this year.

Michelin Discovers It's Bumpy at the Top

By Steven Greenhouse
New York Times Service

PARIS — When a company becomes No. 1 in the world, it is usually good news, but financial markets have not seen it that way for Michelin & Co., the French tire maker.

Michelin became the world leader in tire sales last May through its \$1.5 billion acquisition of the Uniroyal-Goodrich Tire Co., but since then its stock has tumbled.

Michelin shares plunged 8.6 percent, to 68.40 francs (\$13.51), on the Paris Bourse on Thursday after management told analysts that losses this year would be far worse than had been expected.

[The shares continued to plunge Friday, falling 9.20 francs, or 13.4 percent, to 59.20 francs. Meanwhile, the Commission des Operations de Bourse said it would investigate the company's release of its projection on Thursday, the Associated Press reported.]

Michelin announced its forecast during a briefing for financial analysts and journalists, but asked them not to use or disclose it until 30 minutes after the stock market closed. Reports leaked out earlier, though. Customarily, the CDB expects companies to publish in advance any important earnings or

loss projections presented at briefings.

[Ironically, Thursday was the first time that Francois Michelin, who for 31 years has led the company founded by his grandfather, had invited analysts and journalists to such a briefing.]

With the slide on Thursday and Friday, Michelin's stock has tumbled 67 percent this year, making it one of the worst performers on the Paris exchange.

A few analysts, seeing long-term promise, suggest patient investors consider buying.

"I wonder whether one shouldn't start buying for the long term," said Jean-Paul Chazal-Martin, an analyst with Atlantic Finance, a Paris-based investment consulting firm. He cited Michelin's technology and leading market share.

But most analysts warn investors away, seeing a few more years of gloom for the industry, which has been plagued by price wars resulting from overcapacity worldwide.

What is more, car sales have been weak in Europe, and cost-conscious automakers are squeezing tire makers for rock-bottom prices.

Michelin is hiring the auto industry and the \$800 million in Uniroyal debt that Michelin assumed. That

Tire Leaders

World tire manufacture market share in billions of dollars

Total World Market 47

Michelin (Uniroyal-Goodrich) 9.64

Others 11.58

Pirelli 2.96

Sumitomo 3.24

Continental 3.35

Bridgestone 8.01

Firestone 3.35

(Dunlop companies, Ohtsu)

Source: European Rubber Journal

increased Michelin's debt burden to \$6 billion — a heavy load with interest rates high and the global economy weakening.

These factors combined to give Michelin a surprisingly bad first-half loss. Without consolidating Uniroyal, its revenue slid 4.4 percent, and it reported a net loss of

388 million francs (\$76.7 million), in contrast to a profit of 1.63 billion francs in the first half of 1989.

Mr. Michelin, one of the company's co-chairmen, stunned analysts further Thursday when he said Michelin expected a loss of 2.31 billion francs for the year, in contrast to last year's 2.45 billion-franc profit.

He said the company would incur heavy costs reducing capacity and its work force.

"Six months ago, a lot of people were estimating that they would earn 2.4 billion francs" for the full year, said Susanne Oliver, an analyst with Hoare Govett, the London brokerage.

Company officials said Michelin would return to profitability in the second half of 1991, but Ms. Oliver predicted a loss of more than \$200 million next year on revenue of \$14 billion, with Uniroyal consolidated. She said Michelin's shares could be hurt further by sporting oil prices and a possible stock flotation to lighten the company's debt load.

"Michelin is clearly a company that has a lot of problems at the moment," she said.

Although it may be good over 10 years, it reported a net loss of

CURRENCY RATES

Cross Rates	Oct. 19
Australian dollar	1.49
British pound	1.65
Canadian dollar	1.25
Deutsche mark	1.50
French franc	16.66
Italian lira	2.36
Japanese yen	163.60
Netherlands guilder	3.76
New Zealand dollar	1.25
Portuguese escudo	200.48
Spanish peseta	166.64
Swiss franc	1.48
Swedish krona	13.76
Thai baht	5.50
West German mark	1.50
Yen	163.60

Currencies in London and Zurich. Rates in other centers. New York closing rates. Toronto rates at 3 A.M.

to buy one pound; to buy one dollar; to buy one Swiss franc; to buy one Japanese yen; to buy one Italian lira; to buy one French franc; to buy one Dutch guilder; to buy one Australian dollar; to buy one New Zealand dollar; to buy one Portuguese escudo; to buy one Spanish peseta; to buy one Swedish krona; to buy one Thai baht; to buy one West German mark; to buy one Yen.

Source: Reuters. Other data from Reuters and AP.

Other Dollar Values

Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$
Australian dollar	0.66	British pound	0.61	Canadian dollar	0.79	Deutsche mark	0.66
French franc	6.55	Italian lira	2.36	Japanese yen	163.60	Netherlands guilder	3.76
New Zealand dollar	0.79	Portuguese escudo	200.48	Spanish peseta	166.64	Swiss franc	0.67
Swedish krona	13.76	Thai baht	5.50	West German mark	0.66	Yen	163.60

New York rates unless marked * (local rates).

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Australian dollar	1.49	1.49	1.49	Canadian dollar	1.25	1.25	1.25
British pound	1.65	1.65	1.65	Deutsche mark	1.50	1.50	1.50
French franc	16.66	16.66	16.66	Italian lira	2.36	2.36	2.36
Japanese yen	163.60	163.60	163.60	Netherlands guilder	3.76	3.76	3.76
New Zealand dollar	1.25	1.25	1.25	Portuguese escudo	200.48	200.48	200.48
Spanish peseta	166.64	166.64	166.64	Swiss franc	1.48	1.48	1.48
Swedish krona	13.76	13.76	13.76	Thai baht	5.50	5.50	5.50
West German mark	1.50	1.50	1.50	Yen	163.60	163.60	163.60

Source: Reuters. Bank of America (Miami); Bank of Commerce (Atlanta); Bank of Montreal (Montreal); Bank of New York (New York); Bank of Paris (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR); Gosbank (Moscow). Other data from Reuters and AP.

INTEREST RATES

Eurocurrency Deposits

Currency	1 month	3 months	6 months	1 year	Currency	1 month	3 months	6 months	1 year
Australian dollar	8.00	8.00	8.00	8.00	British pound	8.00	8.00	8.00	8.00
Canadian dollar	8.00	8.00	8.00	8.00	Deutsche mark	8.00	8.00	8.00	8.00
French franc	8.00	8.00	8.00	8.00	Italian lira	8.00	8.00	8.00	8.00
Japanese yen	8.00	8.00	8.00	8.00	Netherlands guilder	8.00	8.00	8.00	8.00
New Zealand dollar	8.00	8.00	8.00	8.00	Portuguese escudo	8.00	8.00	8.00	8.00
Spanish peseta	8.00	8.00	8.00	8.00	Swiss franc	8.00	8.00	8.00	8.00
Swedish krona	8.00	8.00	8.00	8.00	Thai baht	8.00	8.00	8.00	8.00
West German mark	8.00	8.00	8.00	8.00	Yen	8.00	8.00	8.00	8.00

Source: Reuters. All rates except ECU: Lloyds Bank. Rates applicable to interbank deposits of \$1 million minimum (or equivalent).

Key Money Rates

Currency	Oct. 19	Currency	Oct. 19
United States	100.00	British pound	100.00
Deutsche mark	100.00	French franc	100.00
Italian lira	100.00	Japanese yen	100.00
Netherlands guilder	100.00	Portuguese escudo	100.00
Spanish peseta	100.00	Swiss franc	100.00
Swedish krona	100.00	Thai baht	100.00
West German mark	100.00	Yen	100.00

Source: Reuters. All rates except ECU: Lloyds Bank. Rates applicable to interbank deposits of \$1 million minimum (or equivalent).

Asian Dollar Deposits

Currency	1 month	3 months	6 months	1 year	Currency	1 month	3 months	6 months	1 year
Australian dollar	8.00	8.00	8.00	8.00	British pound	8.00	8.00	8.00	8.00
Canadian dollar	8.00	8.00	8.00	8.00	Deutsche mark	8.00	8.00	8.00	8.00
French franc	8.00	8.00	8.00	8.00	Italian lira	8.00	8.00	8.00	8.00
Japanese yen	8.00	8.00	8.00	8.00	Netherlands guilder	8.00	8.00	8.00	8.00
New Zealand dollar	8.00	8.00	8.00	8.00	Portuguese escudo	8.00	8.00	8.00	8.00
Spanish peseta	8.00	8.00	8.00	8.00	Swiss franc	8.00	8.00	8.00	8.00
Swedish krona	8.00	8.00	8.00	8.00	Thai baht	8.00	8.00	8.00	8.00
West German mark	8.00	8.00	8.00	8.00	Yen	8.00	8.00	8.00	8.00

Source: Reuters. All rates except ECU: Lloyds Bank. Rates applicable to interbank deposits of \$1 million minimum (or equivalent).

U.S. Money Market Funds

Currency	Oct. 19	Currency	Oct. 19
Australian dollar	100.00	British pound	100.00
Canadian dollar	100.00	Deutsche mark	100.00
French franc	100.00	Italian lira	100.00
Japanese yen	100.00	Netherlands guilder	100.00
New Zealand dollar	100.00	Portuguese escudo	100.00
Spanish peseta	100.00	Swiss franc	100.00
Swedish krona	100.00	Thai baht	100.00
West German mark	100.00	Yen	100.00

Source: Reuters. All rates except ECU: Lloyds Bank. Rates applicable to interbank deposits of \$1 million minimum (or equivalent).

GOLD

intervention rate	9 1/2	9 1/2	London	37 1/2	37 1/2	+4.15
money	9 11/16	9 9/16	New York	—	37 1/2	+3.80
month interbank	9 1/2	9 11/16	Luxembourg, Paris and London official bid- ding; Hong Kong and Zurich opening and closing prices; New York spot market close.			
month interbank	9 13/16	9 1/2	All exchange in U.S. \$ per ounce.			
month interbank	10.00	10.00				

MARKET DIARY

Wall Street Prices
Extend Their Rally

United Press International
NEW YORK — Stocks surged for the second straight day Friday, as a rally was driven by a plunge in oil prices and late buying tied to the expirations of stock-index futures and options.

The Dow Jones industrial average

N.Y. Stocks

age, which soared 64.85 points on Thursday, rallied 68.07 to close at 2,520.79. It topped Thursday's gain as the second-largest of the year and marked the first time since late August that the Dow has rallied 50 points or more on consecutive days.

The market's best day of the year came on Aug. 27, when the Dow soared more than 78 points.

Among broader market gauges, the New York Stock Exchange composite index jumped 3.27 to 170.40 and Standard & Poor's 500-stock index added 6.74 to 312.48. The price of an average share surged 57 cents.

Advances outpaced declines by a margin of nearly 5 to 1 on the NYSE. Big bond volume totaled 221.48 million shares, up from 204.12 million traded Thursday.

Oil futures prices plunged \$3.01

to \$33.79 a barrel in New York as the market responded to a statement from Iraqi First Deputy Prime Minister Taha Yassin Ramadan, who arrived unexpectedly in Amman Thursday to brief Jordanian officials on his tour of North Africa. He told Radio Jordan he was more optimistic about a political solution to the Gulf crisis.

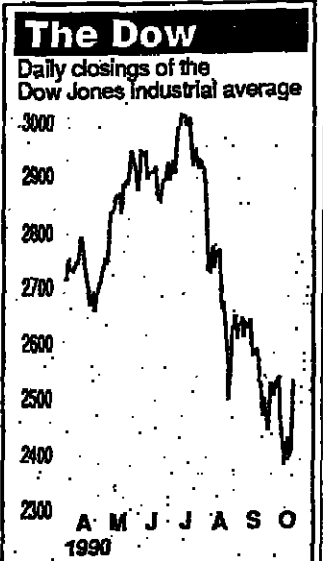
Treasury bonds rallied Friday, sending their yields lower. The long bond was up 25/32 to 100 1/32 to yield 8.74 percent. It was the first time the bond had settled above par since Iraq invaded Kuwait on Aug. 2.

On the NYSE floor, Citicorp was the most active issue in dividend-related trading, up 1/4 to 48 1/4. It rallied Thursday after a strong earnings report.

Motorola was also active, plunging 4 1/2 to 51 1/2. Company officials were reportedly guiding analysts' earnings estimates toward the lower end of the range of expectations.

Among the other big chips, AT&T rose 1/4 to 33 1/4. IBM rallied 3/4 to 109. General Electric jumped 1/4 to 55 1/4. Coca-Cola surged 2 1/4 to 45 1/4 and Eastman Kodak picked up 1/4 to 39 1/4.

Via Associated Press Oct. 19



NYSE Most Active

Vol.	High	Low	Last	Chg.
Citicorp	48 1/4	47 3/4	48 1/4	+1/4
IBM	109 1/4	108 3/4	109 1/4	+1/4
AT&T	33 1/4	32 3/4	33 1/4	+1/4
Motorola	51 1/2	52 1/4	51 1/2	-1/2
General Electric	55 1/4	54 3/4	55 1/4	+1/4
IBM	109 1/4	108 3/4	109 1/4	+1/4
AT&T	33 1/4	32 3/4	33 1/4	+1/4
Motorola	51 1/2	52 1/4	51 1/2	-1/2
General Electric	55 1/4	54 3/4	55 1/4	+1/4

AMEX Most Active

Vol.	High	Low	Last	Chg.
IBM	109 1/4	108 3/4	109 1/4	+1/4
AT&T	33 1/4	32 3/4	33 1/4	+1/4
Motorola	51 1/2	52 1/4	51 1/2	-1/2
General Electric	55 1/4	54 3/4	55 1/4	+1/4
IBM	109 1/4	108 3/4	109 1/4	+1/4
AT&T	33 1/4	32 3/4	33 1/4	+1/4
Motorola	51 1/2	52 1/4	51 1/2	-1/2
General Electric	55 1/4	54 3/4	55 1/4	+1/4

NYSE Diary

Adv.	Decl.	Unch.
112	174	117
203	193	121
117	174	117

Amex Diary

Adv.	Decl.	Unch.
112	174	117
203	193	121
117	174	117

NASDAQ Diary

Adv.	Decl.	Unch.
112	174	117
203	193	121
117	174	117

Dow Jones Averages

Open	High	Low	Last	Chg.
2509.25	2525.47	2509.25	2520.79	+11.54
170.40	171.25	169.50	170.40	+0.85
312.48	313.25	311.50	312.48	+0.98
300.00	301.25	298.50	300.00	+1.50

Standard & Poor's Indexes

High	Low	Close	Chg.
312.48	311.50	312.48	+0.98
170.40	169.50	170.40	+0.85
300.00	298.50	300.00	+1.50

NYSE Indexes

High	Low	Close	Chg.
312.48	311.50	312.48	+0.98
170.40	169.50	170.40	+0.85
300.00	298.50	300.00	+1.50

NASDAQ Indexes

High	Low	Close	Chg.
312.48	311.50	312.48	+0.98
170.40	169.50	170.40	+0.85
300.00	298.50	300.00	+1.50

AMEX Stock Index

High	Low	Close	Chg.
312.48	311.50	312.48	+0.98
170.40	169.50	170.40	+0.85
300.00	298.50	300.00	+1.50

Dow Jones Bond Averages

High	Low	Close	Chg.
312.48	311.50	312.48	+0.98
170.40	169.50	170.40	+0.85
300.00	298.50	300.00	+1.50

Market Sales

NYSE	AMEX	NASDAQ
221.48	204.12	204.12
221.48	204.12	204.12
221.48	204.12	204.12

N.Y.S.E. Odd-Lot Trading

Buy	Sell
112	174
203	193
117	174

S&P 100 Index Options

Call	Put
112	174
203	193
117	174

Currency Options

Open	High	Low	Last	Chg.
2509.25	2525.47	2509.25	2520.79	+11.54
170.40	171.25	169.50	170.40	+0.85
312.48	313.25	311.50	312.48	+0.98
300.00	301.25	298.50	300.00	+1.50

PHILADELPHIA EXCHANGE

Open	High	Low	Last	Chg.
2509.25	2525.47	2509.25	2520.79	+11.54
170.40	171.25	169.50	170.40	+0.85
312.48	313.25	311.50	312.48	+0.98
300.00	301.25	298.50	300.00	+1.50

European Commodities

Open	High	Low	Last	Chg.
2509.25	2525.47	2509.25	2520.79	+11.54
170.40	171.25	169.50	170.40	+0.85
312.48	313.25	311.50	312.48	+0.98
300.00	301.25	298.50	300.00	+1.50

LONDON METALS

Open	High	Low	Last	Chg.
2509.25	2525.47	2509.25	2520.79	+11.54
170.40	171.25	169.50	170.40	+0.85
312.48	313.25	311.50	312.48	+0.98
300.00	301.25	298.50	300.00	+1.50

ALUMINUM (NYSE)

Open	High	Low	Last	Chg.
2509.25	2525.47	2509.25	2520.79	+11.54
170.40	171.25	169.50	170.40	+0.85
312.48	313.25	311.50	312.48	+0.98
300.00	301.25	298.50	300.00	+1.50

DOLLARS PER METRIC TON

Open	High	Low	Last	Chg.
2509.25	2525.47	2509.25	2520.79	+11.54
170.40	171.25	169.50	170.40	+0.85
312.48	313.25	311.50	312.48	+0.98
300.00	301.25	298.50	300.00	+1.50

DIVIDENDS

Open	High	Low	Last	Chg.
2509.25	2525.47	2509.25	2520.79	+11.54
170.40	171.25	169.50	170.40	+0.85
312.48	313.25	311.50	312.48	+0.98
300.00	301.25	298.50	300.00	+1.50

Spot Commodities

Open	High	Low	Last	Chg.
2509.25	2525.47	2509.25	2520.79	+11.54
170.40	171.25	169.50	170.40	+0.85
312.48	313.25	311.50	312.48	+0.98
300.00	301.25	298.50	300.00	+1.50

To Our Readers

Closing New York stock exchange prices were not available Friday due to transmission problems. We regret the inconvenience.

U.S. FUTURES

Open	High	Low	Last	Chg.
2509.25	2525.47	2509.25	2520.79	+11.54
170.40	171.25	169.50	170.40	+0.85
312.48	313.25	311.50	312.48	+0.98
300.00	301.25	298.50	300.00	+1.50

Grains

Open	High	Low	Last	Chg.
2509.25	2525.47	2509.25	2520.79	+11.54
170.40	171.25	169.50	170.40	+0.85
312.48	313.25	311.50	312.48	+0.98
300.00	301.25	298.50	300.00	+1.50

Metals

Open	High	Low	Last	Chg.
2509.25	2525.47	2509.25	2520.79	+11.54
170.40	171.25	169.50	170.40	+0.85
312.48	313.25	311.50	312.48	+0.98
300.00	301.25	298.50	300.00	+1.50

LIVE STOCK

Open	High	Low	Last	Chg.
2509.25	2525.47	2509.25	2520.79	+11.54
170.40	171.25	169.50	170.40	+0.85
312.48	313.25	311.50	312.48	+0.98
300.00	301.25	298.50	300.00	+1.50

PORK BELLIES (CME)

Open	High	Low	Last	Chg.
2509.25	2525.47	2509.25	2520.79	+11.54
170.40	171.25	169.50	170.40	+0.85
312.48	313.25	311.50	312.48	+0.98
300.00	301.25	298.50	300.00	+1.50

CATTLE (CME)

Open	High	Low	Last	Chg.
2509.25	2525.47	2509.25	2520.79	+11.54
170.40	171.25	169.50	170.40	+0.85
312.48	313.25	311.50	312.48	+0.98
300.00	301.25	298.50	300.00	+1.50

HOGS (CME)

Open	High	Low	Last	Chg.
2509.25	2525.47	2509.25	2520.79	+11.54
170.40	171.25	169.50	170.40	+0.85
312.48	313.25	311.50	312.48	+0.98
300.00	301.25	298.50	300.00	+1.50

PORK (CME)

Open	High	Low	Last	Chg.
2509.25	2525.47	2509.25	2520.79	+11.54
170.40	171.25	169.50	170.40	+0.85
312.48	313.25	311.50	312.48	+0.98
300.00	301.25	298.50	300.00	+1.50

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300.00	301.25	298.50	300.00	+1.50

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2509.25	2525.47	2509.25	2520.79	+11.54
170.40	171.25	169.50	170.40	+0.85
312.48	313.25	311.50	312.48	+0.98
300.00	301.25	298.50	300.00	+1.50

PORK (CME)

Open	High	Low	Last	Chg.
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312.48	313.25	311.50	312.48	+0.98
300.00	301.25	298.50	300.00	+1.50

CATTLE (CME)

Open	High	Low	Last	Chg.
2509.25	2525.47	2509.25	2520.79	+11.54
170.40	171.25	169.50	170.40	+0.85
312.48	313.25	311.50	312.48	+0.98

NASDAQ

Friday's Prices
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

Stock	Div	Yld	PE	High	Low	1/2 P.M.
IBM	3.20	4.1	13	115 1/4	114 3/4	115 1/4
Microsoft	0.00	0.0	15	54 1/4	53 3/4	54 1/4
Oracle	0.00	0.0	18	38 1/4	37 3/4	38 1/4
Novell	0.00	0.0	16	28 1/4	27 3/4	28 1/4
Lotus	0.00	0.0	14	24 1/4	23 3/4	24 1/4
Intel	0.00	0.0	12	22 1/4	21 3/4	22 1/4
Compaq	0.00	0.0	11	20 1/4	19 3/4	20 1/4
Seagate	0.00	0.0	10	18 1/4	17 3/4	18 1/4
Western Digital	0.00	0.0	9	16 1/4	15 3/4	16 1/4
Conquest	0.00	0.0	8	14 1/4	13 3/4	14 1/4

Continental	10 1/4	9 3/4	10 1/4
Ford	10 1/4	9 3/4	10 1/4
General Motors	10 1/4	9 3/4	10 1/4
Chrysler	10 1/4	9 3/4	10 1/4
Stellantis	10 1/4	9 3/4	10 1/4
Chrysler Financial	10 1/4	9 3/4	10 1/4
Chrysler Capital	10 1/4	9 3/4	10 1/4
Chrysler Rent	10 1/4	9 3/4	10 1/4
Chrysler Leasing	10 1/4	9 3/4	10 1/4
Chrysler Finance	10 1/4	9 3/4	10 1/4

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AMEX

Friday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Stock	Div	Yld	PE	High	Low	1/2 P.M.
IBM	3.20	4.1	13	115 1/4	114 3/4	115 1/4
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Chrysler Leasing	10 1/4	9 3/4	10 1/4

Australian Dollar Takes a Tumble

SYDNEY — The Australian dollar plunged Friday to an eight-month low against the U.S. dollar and at least a 29-month low against the yen.

The Australian currency's drive was blamed on the recent easing in monetary policy, government efforts to reduce its value, Japanese selling and falling commodity prices attributed to the Gulf crisis.

The dollar ended at 77.10 U.S. cents after touching 76.70 cents earlier in the day — its lowest level since February — compared with last Friday's close of 81.75 U.S. cents.

The currency weakened to 96.50 yen, compared with last week's close of 105.5 yen.

On the trade-weighted index, it

closed at 55.9, compared with last Friday's finish of 59.5.

The currency's slide, which makes exports cheaper for overseas customers and imports more expensive for Australians, was likely to please exporters who had complained the currency was overvalued.

But economists warned that the falling dollar would boost inflation and that any push for higher wages by trade unions could erode Australia's competitive trade advantage, which in turn would help tackle the trade deficit and huge foreign debt.

"It trims of fundamentals, it certainly was overvalued," said Kees Thompson, economist at Bankers Trust Australia. "Unless we have reduced wages growth and lower

Hong Kong Banks Cut Prime Lending Rate

Agence France-Presse

HONG KONG — Hongkong & Shanghai Banking Corp. and Standard Chartered Bank, the colony's two note-issuing banks, announced Friday a 0.5 percent cut in their prime rate to 10 percent, effective Monday, a move analysts said might worsen local inflation, currently running near double digits.

The Hong Kong Association of Banks, an interest-rate cartel, also announced a half-point reduction across the board on local currency savings and time deposit rates.

Australia's high domestic interest rates and the currency's safe-haven status during the Gulf crisis had boosted the dollar in late August to 123.12 yen and an 18-month high against the greenback of 84.75 U.S. cents.

On Monday, Canberra cut interest rates for the fifth time this year following evidence that the economy was heading for its second consecutive quarter of negative economic growth.

Treasurer Paul Keating's refusal to rule out further easing in monetary policy before the year's end and selling by the Reserve Bank threatened the dollar's tumble.

Harlin Confirms New Terms For Sale of Stake in Elders

SYDNEY — **Harlin Holdings** on Friday confirmed details of its negotiated sale of a large stake in **Elders IXL** to Japan's **Asahi Breweries**.

Japan's second-largest brewer **Asahi** renewed the original deal to buy a 19.9 percent stake in the Australian brewing and industrial giant after **Elders**' share price recently collapsed.

Harlin said in a statement that **Asahi** now planned to pay 759.2 million Australian dollars (\$589.5 million) for 17 percent of **Elders**, or Australian dollars per share, instead of the original deal to buy all the stock at 2.15 dollars a share.

Asahi has agreed to pay five cents more for each share if the **Elders** share price exceeds 1.85 dollars for 20 straight days.

Asahi will buy an additional 2.9 percent of **Elders**' shares on the open market.

Elders stock closed 11 cents

higher Friday at 1.35, but has traded as low as 99 cents recently.

Hartin, a private company controlled by Elders' chairman, John Elst, acquired just over half of Elders' shares at 2.50 dollars each last year and is estimated to have debts of about 2.8 billion dollars. Hartin said the deal "will stabilize the company's financial position."

It said the renegotiated deal followed the failure of Elders to pay a final dividend for the 1989-90 year of weakness in the Elders share price.

"It is expected that settlement of this transaction will be completed shortly after the necessary approvals have been granted and final documentation has been completed," Hartin said.

Hartin is reliant on dividends from Elders to finance its debt, but Elders failed to declare any dividend when it reported a loss of 1.3 billion dollars for the year ended December 31, 1990.

(AP, Reuters)

Asian States Look to Geothermal Power

By Michael Richardson
International Herald Tribune

JAKARTA—Uncertainty over oil supplies is prompting Indonesia and the Philippines to expand their efforts to tap the Earth's heat energy to generate electric power.

The urgency of their efforts differs, however. Indonesia has probably the largest geothermal potential of any country, officials said, but developing that potential will continue to be a secondary priority for the next decade, behind exploiting its abundant and cheap reserves of conventional energy sources, such as natural gas and coal.

Still, the prospect of Indonesia becoming an oil importer "is impelling us to develop our other resources, such as geothermal power," the country's minister of mines and energy, Gideon J. Kartasamita, said Friday.

The country is now the largest oil exporter in Asia and the only regional member of the Organization of Petroleum Exporting Countries.

But if domestic demand for oil keeps growing at its current rate and no new reserves are discovered, the country will become a net oil importer by the year 2000, said F. Abda'oe, Indonesia's director of Pertamina, the Indonesian state oil company, said at an energy conference this week.

The Philippines, which imports most of its energy needs, cannot wait that long. As a

result, the country since the early 1970s has become the world's second-largest user of geothermal power, after the United States.

Power plants fed by underground steam have a total generating capacity of 880 megawatts. In 1989, they supplied about 22 percent of the country's electricity.

Ernesto M. Abotiz, president of the state-owned National Power Corp. of the Philippines, said that to further reduce dependence on imported oil, another 1,840 megawatts of geothermal power would be added to the national grid by the year 2005.

According to official estimates, the Philippines has potential reserves of geothermal power to support an electric generating capacity of 8,000 megawatts.

The Philippines and Indonesia are well-placed to exploit geothermal power because, like many Pacific Rim nations, they lie on a tectonic belt — the so-called Ring of Fire.

Crack cracks in the earth's crust permit hot water to come close to the surface, heating underground reservoirs of water that can be tapped by drilling.

Mr. Abotiz said that although Indonesia has a geothermal potential of 16,033 megawatts, only 140 megawatts are being produced by a power plant at Kamojang in the western part of Java, the most densely populated Indonesian island.

Other Pertamina officials said that by 1995, geothermal capacity would more than double to 300 megawatts. That would represent about 1 percent of commercial energy requirements, compared with 58 percent for oil, 25 percent for gas, nearly 9 percent for coal and 7 percent for hydro-power.

The officials said that by the end of the decade, Indonesia planned to produce 900 megawatts of geothermal power.

A geothermal project at Mount Salak, some 40 miles (65 kilometers) south of Jakarta, is expected to be next in line for production.

The project is a joint venture between Pertamina and Unocal Corp. of the United States, the world's largest producer of geothermal energy. Unocal executives said the company had spent about \$100 million in developing the Salak field.

Mr. Abotiz said the Philippines had found geothermal power plants to be cheaper than coal, gas or hydro plants. Geothermal electricity costs 1.14 pesos per kilowatt hour to generate, compared with 1.21 pesos for coal, 1.23 pesos for gas and 1.38 pesos for hydro.

Stephen C. Lipman, president of the science and technology division of Unocal, said only gas was a cheaper source of power for Indonesia, although Mr. Gijzenard insisted that coal also was less expensive.

Railway Expansion in India

Roads

NEW DELHI—India plans to spend \$8 to \$10 billion of foreign currency to purchase heavy trucks and equipment for an ambitious \$60 billion highway expansion program it has drawn up for the 1990s, the unions minister, George Fernandes, said Friday.

"We will finance much of this massive expansion plan on our own resources, but some imports are unavoidable," he said.

He said India, which normally has a highly restrictive policy toward imports, will seek both bilateral aid and supplier credits.

Mr. Fernandes said the plan envisages a fivefold increase in amount of track the country lays each year, from an average of 200 kilometers (125 miles) a year since 1947 to 1,000 km a year.

It would also expand and modernize suburban rail systems in New Delhi, Bombay, Calcutta and Madras and create suburban rail networks in other cities.

Spending 10,000 kilometers of track in this decade would cost \$9 billion.

Manila Sets Summit to Cut Budget

MANILA — President Corazon C. Aquino, who this week ordered oil companies to cut deliveries by some 10 percent in a bid to conserve the country's dwindling supplies, and the Philippines Congress are preparing for a "budget summit" next week that must make tough spending cuts and economic changes to keep foreign loans flowing.

"This is a very touchy time," an international banking official said. "Many people are waiting to see what happens next week." The budget meeting will be on Wednesday or Thursday.

Continued aid to the Philippines, which owes foreign creditors \$27 billion, depends on the country coming up with an acceptable revised economic program.

Congressman Margarito Teves, in a report to the speaker of the House of Representatives this week, said the country had to act quickly to repair its severe economic problems.

"We are in a state of economic crisis that would rapidly and seriously worsen if we do not address it forthrightly and urgently," Mr. Teves said. "We have to avoid becoming a Latin American case

which is characterized by runaway inflation, frequent wage increases, high interest rates and slow (negative) growth rates." A coalition of left-wing unions has threatened a general strike starting on Wednesday if its demand for a 38 peso (\$1.49) raise in the daily wage is not met.

Mr. Teves was one of two legislators who went to Washington last month to negotiate with foreign creditors. He said the biggest obstacle to new loans is the Philippines public-sector deficit, which is projected to swell to 60 billion pesos this year from the original tar-

Thai Bourse Chief Resigns

Captured by Our Staff From Dispatches
BANGKOK — The president of the crisis-stricken Securities Exchange of Thailand, Maruey Phadungsithi, had resigned, a SET spokesman said Friday.

There have been rumors to this effect for a long time," the spokesman said, adding that Mr. Maruey had made his resignation known first to a local newspaper late Thursday before leaving on a business trip to Paris.

The English-language daily, The Nation, said Mr. Maruey had been in conflict with a recently appointed senior official in charge of fiscal policy at the Ministry of Finance, which supervises the theoretically

The volatile 15-year-old bourse has plunged during the Gulf crisis, an especially hard blow since it broke record highs in July. Several emergency measures have been put into effect to restore it.

News of Mr. Marney's resignation surprised the market but did not affect trading. The official SET index gained a marginal four points after the first half hour of trading, in line with rallies in Wall Street and Tokyo. (AFP, Reuters)

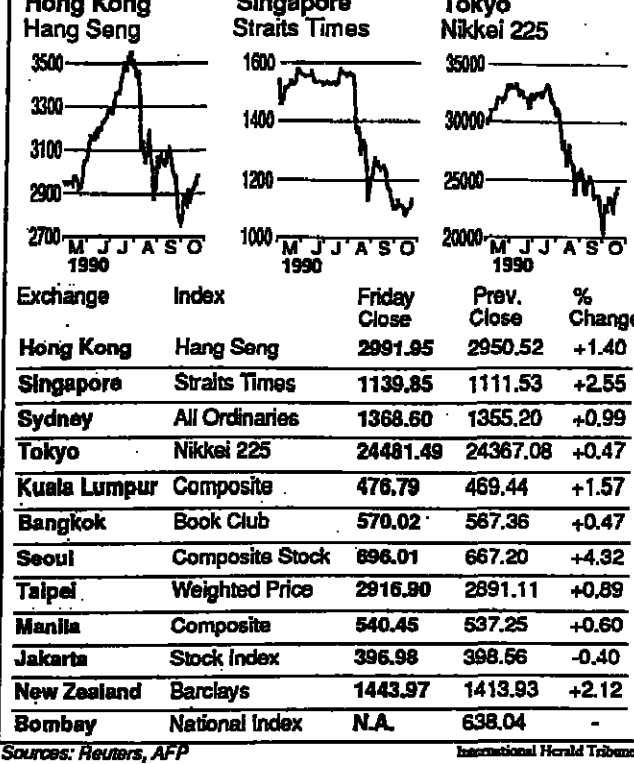
Caralino Macaraig, chairman of government's Energy Operations Board, said in a statement Friday that government's decision to cut fuel sales 10 percent would stretch the country's inventory to 70 days of consumption at the end of the year. If no measures were taken to cut consumption, stocks are expected to dwindle to just 59 days by year end.

(Reuters, AFP)

COMPANY RESULTS

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.			Bell Atlantic			Commonwealth Edison		
American States			3rd Quarter			3rd Quarter		
Revenue	1989	1990	Revenue	1989	1990	Revenue	1989	1990
Net Inc.	1,250	711.95	Net Inc.	386.0	344.0	Net Inc.	35.15	307.10
Per Share	1.71	0.98	Net Inc.	386.0	344.0	Net Inc.	35.15	307.10
3rd Quarter	1989	1990	9 Months	1989	1990	9 Months	1989	1990
Revenue	1,250	711.95	Revenue	1,150	1,150	Revenue	1,150	1,150
Net Inc.	1,250	711.95	Net Inc.	1,150	1,150	Net Inc.	1,150	1,150
Per Share	1.71	0.98	Net Inc.	1,150	1,150	Net Inc.	1,150	1,150
3rd Quarter	1989	1990	at loss: Net for 1989 nine months			at loss: Net for 1990 nine months		
Revenue	1,250	711.95	Revenue	1,150	1,150	Revenue	1,150	1,150
Net Inc.	1,250	711.95	Net Inc.	1,150	1,150	Net Inc.	1,150	1,150
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Net Inc.	1,250							

Investor's Asia



RELIGIOUS SERVICES

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INITIAR-UNIVERSALISTS, English language services in Brussels, Maastricht, Warsaw, Paris and the Netherlands, write to Jim McQuinn, Westminster 26, 67000 Wiesbaden, R.G. Germany, or call +49-6121-5522603.

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THE AMERICAN CATHEDRAL (Episcopalian), Sun. 9 & 11 a.m. Sunday School for children and adults at 11 a.m. 25 George V, Paris 8, Tel. 01 47 29 17 92. Mgrs. George V or Almo-Marcoux.

PARIS
CEPOT INTERNATIONAL CHURCH (at La Chapelle Evangélique, La Défense Cité Universitaire), 9:45 am. Solid for children, Evangelical & for everyone. Maitre: Rev. (A) La Défense, Parkings Défense 4, Fri. 10:30 p.m. home Bible studies. Call Pastor every Fridays: 47 73 53 54.

EUROPEAN BAPTIST CONVENTION

BERLIN
EUROPEAN BAPTIST CHURCH, Rohrdammstr. 8, 1000 Berlin 95, St 10445, W 1200 + 1000. Tel. 030-774-4470.

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NYSE

Friday's 3 p.m.
Via The Associated Press

		(Continued)							
Month	Year	Stock	Sp	Env	YH	PF	High	Low	High
1950	1950	100	100	100	100	100	100	100	100
1951	1951	100	100	100	100	100	100	100	100
1952	1952	100	100	100	100	100	100	100	100
1953	1953	100	100	100	100	100	100	100	100
1954	1954	100	100	100	100	100	100	100	100
1955	1955	100	100	100	100	100	100	100	100
1956	1956	100	100	100	100	100	100	100	100
1957	1957	100	100	100	100	100	100	100	100
1958	1958	100	100	100	100	100	100	100	100
1959	1959	100	100	100	100	100	100	100	100
1960	1960	100	100	100	100	100	100	100	100
1961	1961	100	100	100	100	100	100	100	100
1962	1962	100	100	100	100	100	100	100	100
1963	1963	100	100	100	100	100	100	100	100
1964	1964	100	100	100	100	100	100	100	100
1965	1965	100	100	100	100	100	100	100	100
1966	1966	100	100	100	100	100	100	100	100
1967	1967	100	100	100	100	100	100	100	100
1968	1968	100	100	100	100	100	100	100	100
1969	1969	100	100	100	100	100	100	100	100
1970	1970	100	100	100	100	100	100	100	100
1971	1971	100	100	100	100	100	100	100	100
1972	1972	100	100	100	100	100	100	100	100
1973	1973	100	100	100	100	100	100	100	100
1974	1974	100	100	100	100	100	100	100	100
1975	1975	100	100	100	100	100	100	100	100
1976	1976	100	100	100	100	100	100	100	100
1977	1977	100	100	100	100	100	100	100	100
1978	1978	100	100	100	100	100	100	100	100
1979	1979	100	100	100	100	100	100	100	100
1980	1980	100	100	100	100	100	100	100	100
1981	1981	100	100	100	100	100	100	100	100
1982	1982	100	100	100	100	100	100	100	100
1983	1983	100	100	100	100	100	100	100	100
1984	1984	100	100	100	100	100	100	100	100
1985	1985	100	100	100	100	100	100	100	100
1986	1986	100	100	100	100	100	100	100	100
1987	1987	100	100	100	100	100	100	100	100
1988	1988	100	100	100	100	100	100	100	100
1989	1989	100	100	100	100	100	100	100	100
1990	1990	100	100	100	100	100	100	100	100
1991	1991	100	100	100	100	100	100	100	100
1992	1992	100	100	100	100	100	100	100	100
1993	1993	100	100	100	100	100	100	100	100
1994	1994	100	100	100	100	100	100	100	100
1995	1995	100	100	100	100	100	100	100	100
1996	1996	100	100	100	100	100	100	100	100
1997	1997	100	100	100	100	100	100	100	100
1998	1998	100	100	100	100	100	100	100	100
1999	1999	100	100	100	100	100	100	100	100
2000	2000	100	100	100	100	100	100	100	100
2001	2001	100	100	100	100	100	100	100	100
2002	2002	100	100	100	100	100	100	100	100
2003	2003	100	100	100	100	100	100	100	100
2004	2004	100	100	100	100	100	100	100	100
2005	2005	100	100	100	100	100	100	100	100
20									

	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538
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Low Level Cdr	10 Man	10 Man	Div
101	112%	77%	Whit
102	105%	54%	Whit
103	112%	77%	Whit
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209	112%	77%	Whit
210	112%	77%	Whit
211	112%	77%	Whit
212	112%	77%	Whit

UNITED STATES		52 Wk High	52 Wk Low	Dividend	Dividend Yield	Price/Earnings
AMERICAN						
3rd Quarter						
Revenue	100	100	100	100	100	100
Net Income	100	100	100	100	100	100
Per Share						
Revenue	100	100	100	100	100	100
Net Income	100	100	100	100	100	100
Per Share						
3rd Quarter						
Revenue	100	100	100	100	100	100
Net Income	100	100	100	100	100	100
Per Share						
Revenue	100	100	100	100	100	100
Net Income	100	100	100	100	100	100
Per Share						
3rd Quarter						
Revenue	100	100	100	100	100	100
Net Income	100	100	100	100	100	100
Per Share						
Revenue	100	100	100	100	100	100
Net Income	100	100	100	100	100	100
Per Share						
3rd Quarter						
Revenue	100	100	100	100	100	100
Net Income	100	100	100	100	100	100
Per Share						
Revenue	100	100	100	100	100	100
Net Income	100	100	100	100	100	100
Per Share						
3rd Quarter						
Revenue	100	100	100	100	100	100
Net Income	100	100	100	100	100	100
Per Share						
Revenue	100	100	100	100	100	100
Net Income	100	100	100	100	100	100
Per Share						
3rd Quarter						
Revenue	100	100	100	100	100	100
Net Income	100	100	100	100	100	100
Per Share						
Revenue	100	100	100	100	100	100
Net Income	100	100	100	100	100	100
Per Share						
3rd Quarter						
Revenue	100	100	100	100	100	100
Net Income	100	100	100	100	100	100
Per Share						
Revenue	100	100	100	100	100	100
Net Income	100	100	100	100	100	100
Per Share						
3rd Quarter						
Revenue	100	100	100	100	100	100
Net Income	100	100	100	100	100	100
Per Share						
Revenue	100	100	100	100	100	100
Net Income	100	100	100	100	100	100
Per Share						
3rd Quarter						
Revenue	100	100	100	100	100	100
Net Income	100	100	100	100	100	100
Per Share						
Revenue	100	100	100	100	100	100
Net Income	100	100	100	100	100	100
Per Share						
3rd Quarter						
Revenue	100	100	100	100	100	100
Net Income	100	100	100	100	100	100
Per Share						
Revenue	100	100	100	100	100	100
Net Income	100	100	100	100	100	100
Per Share						
3rd Quarter						
Revenue	100	100	100	100	100	100
Net Income	100	100	100	100	100	100
Per Share						
Revenue	100	100	100	100	100	100
Net Income	100	100	100	100	100	100
Per Share						
3rd Quarter						

Singles		Albums		Singles		Albums	
1	1989	1989	1989	1	1989	1989	1989
2	1989	1989	1989	2	1989	1989	1989
3	1989	1989	1989	3	1989	1989	1989
4	1989	1989	1989	4	1989	1989	1989
5	1989	1989	1989	5	1989	1989	1989
6	1989	1989	1989	6	1989	1989	1989
7	1989	1989	1989	7	1989	1989	1989
8	1989	1989	1989	8	1989	1989	1989
9	1989	1989	1989	9	1989	1989	1989
10	1989	1989	1989	10	1989	1989	1989
11	1989	1989	1989	11	1989	1989	1989
12	1989	1989	1989	12	1989	1989	1989
13	1989	1989	1989	13	1989	1989	1989
14	1989	1989	1989	14	1989	1989	1989
15	1989	1989	1989	15	1989	1989	1989
16	1989	1989	1989	16	1989	1989	1989
17	1989	1989	1989	17	1989	1989	1989
18	1989	1989	1989	18	1989	1989	1989
19	1989	1989	1989	19	1989	1989	1989
20	1989	1989	1989	20	1989	1989	1989
21	1989	1989	1989	21	1989	1989	1989
22	1989	1989	1989	22	1989	1989	1989
23	1989	1989	1989	23	1989	1989	1989
24	1989	1989	1989	24	1989	1989	1989
25	1989	1989	1989	25	1989	1989	1989
26	1989	1989	1989	26	1989	1989	1989
27	1989	1989	1989	27	1989	1989	1989
28	1989	1989	1989	28	1989	1989	1989
29	1989	1989	1989	29	1989	1989	1989
30	1989	1989	1989	30	1989	1989	1989
31	1989	1989	1989	31	1989	1989	1989
32	1989	1989	1989	32	1989	1989	1989
33	1989	1989	1989	33	1989	1989	1989
34	1989	1989	1989	34	1989	1989	1989
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Revenue	1990	1989	INTERNATIONAL
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Net Inc.	(a)1949	64,10	tsified 19, V
Per Share	1.24	2.24	11:30 & M
as loss. Net for 1990			040/820616.
includes charge of			
\$225 million.			
Eaton			
3rd Quarter	1990	1989	INTERNATION
Revenue	869,10	844,10	of the Town
Net Inc.	101	83	Conventions
Per Share	.81	1.04	of the
9 Months	1990	1989	Homburg, Sur
Revenue	2,746	2,795	tsified 19, V
Net Inc.	174,18	179,60	11:30 & M
Per Share	3.19	4.54	040/820616.
as loss. Net for 1990			
includes charge of			
\$275 million.			
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3rd Quarter	1990	1989	TRINITY BAPT
Revenue	78,10	54,90	nursery, wam
Net Inc.	1,14	8,37	complect 54
Per Share	1.14	8.37	78024.
9 Months	1990	1989	INTERNATION
Revenue	262,43	162,43	of the Town
Net Inc.	2,97	2.97	Conventions
Per Share	2.97	2.97	of the
as loss. Net for 1990			Homburg, Sur
includes charge of			tsified 19, V
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 ingdale. Tel.: 01751-1000

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Svittles By Phyllis Fehring

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Herald Tribune

THE MONEY REPORT

Saturday-Sunday,
October 20-21, 1990
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FIRST COLUMN

How Healthy Is New Love For Saving?

CONSPICUOUS consumption had a good run, but now saving is fashionable again. At the beginning of the year the French government instituted a big campaign, complete with tax breaks, to encourage long-term savings.

The policy behind the drive to keep an element of capital tied up was spelled out at the time by Finance Minister Pierre Bérégovoy. The Plan d'Épargne Populaire was launched to depress domestic demand and keep inflation in check.

The British government unveiled a similar product with almost identical aims in its March financial budget.

And now the consensus among U.S. economists is that there is good news ahead because the amount that individuals save from their income is expected to increase.

Three years ago the average saved from disposable income in the U.S. was 3.2 percent. That figure has increased to just south of the 5 percent level, and is expected to grow.

Why? Because people traditionally save more in a recession. Shares and bonds, to name two of the more obvious risk-oriented savings media, are certainly less attractive in a recession. And a recession is generally predicted.

A raise in the savings rate is applauded on the rationale that it will allow us all to wait for things to pick up and then commit funds early in the next surge.

Whether the new love of saving is really so economically healthy is debatable. The classic doctrine used to be that saving a dollar — and thereby failing to stimulate demand — meant putting someone out of work on the production side.

BUT the individual need not care unduly about the economic rectitude of saving. What matters is the performance of long-term savings and the impact it can have on the individual's finances. Here there is one clear moral: long-term saving into risk-based media is one of the few ways of building up capital.

The ambitious make fine judgement calls in today's turbulent markets. In this issue we report on some key options — utilities stocks, short funds. Each requires timing and finesse. But by committing \$100 a month to a well-managed fund savers will hit the upturn sooner or later.

Utility Stocks Buck Market Downturn ...

By Conrad de Aenlle

ANALYSTS who were sent reeling by the summer downdraft in share prices have proclaimed the demise of the historic eight-year bull market and issued warnings of economic doom. Unnoticed amid the hasty arrangements for the wake, however, utility stocks — big companies that supply essentials like electric power and water — have remained quite healthy.

Since July 17, when the Dow Jones industrial average began its descent from a tantalizing 2,999.75 to 2,452.72 on Thursday, its composite average of 15 utility issues has risen 2.1 percent, from 203.97 to 208.31, a modest rally but quite respectable under the circumstances.

Why have utilities escaped unscathed? Analysts who follow the issues cited their relative safety during economic downturns. "They're a good investment in an uncertain time," said Linda Byus, a vice president and utility analyst at Duff & Phelps, an independent research firm in Chicago.

And the time we're in is certainly uncertain. Many economists have said recently that the U.S. economy has already tipped over into recession or else is on the verge of doing so.

WHAT makes utilities a safer bet in this environment, according to Edward J. Tirello Jr., who follows the sector for Smith Barney, is the resilience of their earnings. A dearth of big construction programs makes their balance sheets especially healthy now, he said.

Many investors also buy the issues for their high yields, which become more attractive when credit is eased, as it tends to be during a slowdown.

"Utilities are interest rate sensitive," Ms. Byus said, "and most forecasts are for rates to go down over the next year."

The fixed dividend is the key. Let's say that Fushbox Power & Light pays a dividend of \$2 per year and is trading at \$20 per share. That gives it a yield of 10 percent. If interest rates come down considerably, to the point where an eight percent yield seems about right for Fushbox, its stock should rise to \$25, the price at which a \$2 dividend equals an 8 percent yield.

The case has been made that movements in the Dow utility average foretell movements in the industrials.

Peter Eliades, editor and publisher of the Stockmarket Cycles newsletter in Los Angeles, said the index has predicted some important turning points in the market.

"Going back to the horrible bear market of 1973 and '74," he noted, "in September 1974, the utilities bottomed out a couple of weeks before the market turned. This time, they topped out before the Dow" industrials.

Ms. Byus of Duff & Phelps suggested that any predictive value may lie in the fact that utilities have to gear up for expansion ahead of the industries and communities they serve, and so "are cyclical — but sort of off-cycle."

Mr. Eliades, however, said the key may be not so much the investment, but the investor: After a downward move, "the first money in the market tends to be conservative."

In the bear market that began in 1973, "when people thought the end of the world was near," he said, utility issues "were a good place for conservative money to park itself."

AFTER stocks have begun to rally, he said, the more aggressive investors, who tend to be trend followers, enter the market.

Are the comparatively buoyant utilities foretelling a rally this time?

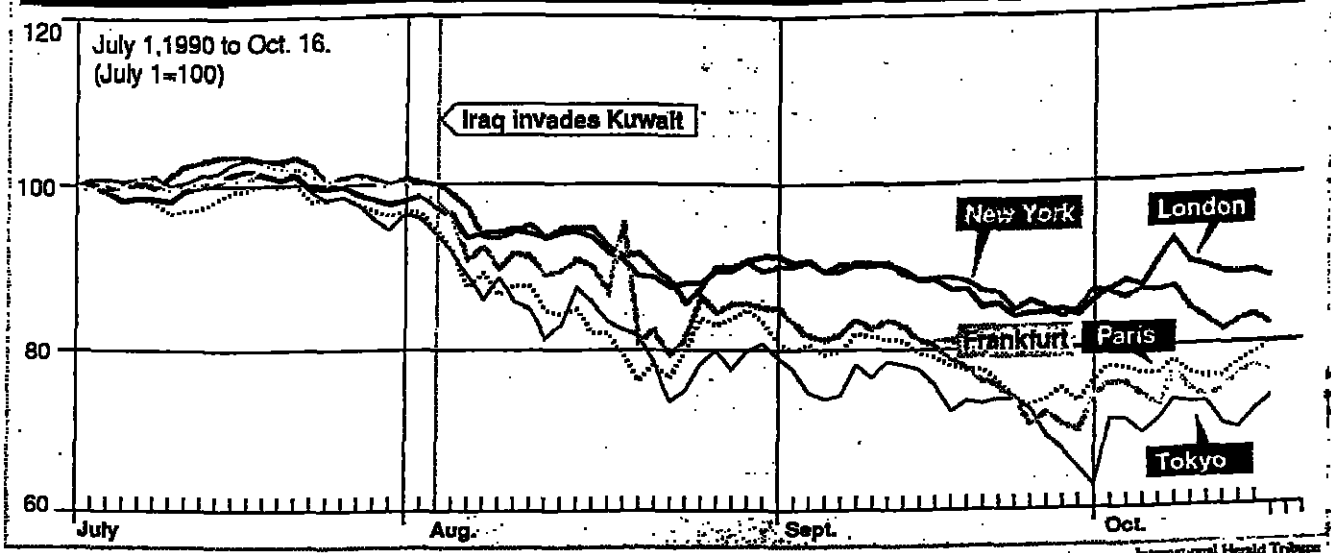
Mr. Eliades said he expected the Dow industrials to rise to between 2,600 and 2,700, or higher if there is a "fundamental surprise," such as a resolution to the Gulf crisis. After that, though, he expects the market to turn downright grim, with the Dow falling perhaps to 1,000 over the next few years, probably "sooner rather than later."

Ms. Byus said that because of today's cloudy outlook and the relative undervaluation of the sector, her firm has increased utility holdings of all types — electric, telephone and natural gas — in its model portfolio. She recommended higher-quality issues such as Northeast Utilities, Florida Progress, Central & South West, FPL Group, IPALCO Enterprises and Louisville Gas & Electric.

Mr. Tirello of Smith Barney also recommended sticking to quality, meaning issues with strong earnings histories and stable dividend records, and named PacificCorp, Duke Power, Commonwealth Edison and SCE Corp.

He said that while economists are calling for a slowdown of around six months, "I don't know if people have a handle on how deep this recession will be."

The Decline of the Major Markets



... Short Funds, Too, Can Be Profitable

By Vivian Lewis

IN a period when markets are plummeting, investors' attention naturally turns to the potential profits of betting on the downside. While it is not easy, investing in a bear fund is easier for non-Americans than for those based in the States.

The brave investor can take a bearish stance in two important ways. By using put options the investor purchases the right to sell shares at today's price. If the share falls tomorrow the investor stands to make a handsome gain. But buying options is a highly complex business, and it can be expensive.

The other main method of making money from a pessimistic view of the market is cheaper. The investor can try "naked short sales," when the investor contracts to sell stocks he or she does not own. The gain comes if the shares fall, when all the investor has to do is buy in the market at the lower price, honor the contract and keep the difference.

Shorting is cheaper than using options. No investment is required so there is no capital cost, although the brokers who deal will require cash, known as margin deposits, as collateral.

What all that means is that if a stock sold short goes down, say, 25 percent in price, the gain to the short seller because of interest received will be considerably higher, depending on how long the investor leaves it before buying shares back — or covering the short in market jargon. It may easily be 40 percent.

But there is an offsetting risk. If you sell short you may have to buy the stock at a higher price than you received in order to deliver. Theoretically, a stock that is shorted can increase in price without limit — and therefore losses can be unlimited too. And even a temporary price rise will require that the investor post additional collateral or liquidate his position.

Under these conditions, the investor might like to have professional managers, and a diversified portfolio of shorts.

Which is why a hedge fund or a short fund has its appeal.

Buying one won't be easy, however. Because it is considered to be speculation by American regulators, obstacles to small investors buying hedge and short funds have been created by the Securities and Exchange Commission. Hence most hedge funds are organized in restricted form, open to a small

number of partners (fewer than 100 by law) with high minimum investments. Others are run as managed accounts, also usually with a high admission fee.

A number of short funds, however, have offshore partnerships open to non-U.S. investors, with lower minimums. One of the best-known hedge funds, the Quantum Fund that follows the investment principles of George Soros, was organized offshore before its limited partnership was created in the U.S. You can buy one share for about \$15,000.

The current market malaise has led to a proliferation of new funds, generating ever more money to short sell.

According to Robert C. Elliott, senior executive vice president of Bessemer Trust, "the new hedge funds have available techniques which traditional equity players do not have. But a problem with newcomers is the question of how nimble they are."

If you had bought Quantum Fund at the end of 1969 when George Soros had only \$4 million under management, each share would have cost you only \$53.77. Today a single share would be over \$15,000. You would have beaten the markets both in good times and bad.

The fund anticipated times would turn bad already before the Iraqi invasion. As of the end of June, Quantum fund had a positive position on U.S. stocks of only \$579 million, compared with \$511 million in bonds, and total funds under management of \$2.74 billion.

QUANTUM is a hedge fund — meaning it can be short or long, pessimistic or optimistic, about the market. By contrast a short fund only sells short.

Among the new hedge funds created recently is the Optima Short Fund L.P. Like its parent, it exists in onshore and offshore versions. In its first full month of operation, August, helped by the Iraqi, Optima Short L.P. (U.S.) chalked up an impressive 7.1 percent gain, followed by an 11.5 percent rise in September. Minimum investment is \$1 million.

The slightly older offshore version of Optima Short has a lower minimum, \$500,000, and is open to non-U.S. investors only. Incorporated in Bermuda, it has produced a total gain of 27.88 percent from June 15 (when operations began) to Sept. 30.

"Short funds are not a get-rich-quick scheme. By definition, shorting is risky, but we do it as conservatively as possible," explained Dixon D. Boardman of Optima.

One of the managers of Optima Short, David M. Knott, has himself created an offshore fund — and furthermore it is cheaper to buy into. The minimum is \$50,000 and the annual management fees are a reasonable 0.75 percent.

Knott's new offshore fund, called Matterhorn, is administered out of Tortola (British Virgin Islands) and incorporated in Curaçao. In effect, offshore investors pool their funds to become partners in the U.S. limited partnership.

The Kynikos management company in New York set up a Grand Cayman-registered offshore fund, called Ursus International, on Oct. 1.

MINIMUM investment offshore is \$500,000, compared to \$1 million in the U.S. It will duplicate the investments of the U.S. limited partnership company, Ursus L.P. This is a pure short fund. In the past five years, Ursus L.P.'s average annual return was 32.5 percent. From this deduct fees of 1 percent and 20 percent of the profits.

Yet another pure short seller, the largest of the breed, is Feshbach Brothers of Palo Alto, California. This firm, created in 1982, has \$850 million under management — exclusively invested short.

The largest of the short funds, Southgate Partners, has produced a gross return before February, 1985, and the middle of this year of 37 percent per year. (That makes a net return after management fees and profit-sharing of 32.6 percent.)

In February Feshbach created a Cayman Islands short fund, called Bear Investors Ltd., which already has garnered \$19 million in investments. (Investors may only enter the fund at the close of a quarter and with \$1 million minimum.)

In the eight-month period from February 20 September, before fees, the Bear Investors fund had made 27.18 percent — almost all of it post-Kuwait.

For more information on the Quantum Fund use a broker to contact the market makers. Matterhorn Fund shares are available from Curacao International Trust Co., Citco Building, Wickhams Quay, P.O. Box 662, Roadtown, Tortola, B.V.I., or call (1) 809-494 2217; Ursus International can be purchased through Morgan Grenfell, P.O. Box 1984, Elizabethan Square, Grand Cayman, B.W.I. (1) 809 949 8244; to buy Bear Investors, write P.O. Box 1062, Grand Cayman, B.W.I. or call (1) 809-949-0600.

BRIEFCASE

Non-Japanese Firms Allowed Into Investment Trust Market

Non-Japanese investment companies have been given the go-ahead to operate in the Japanese investment trust market.

Jardine Fleming and Warburg Investment Trust Management have been granted investment licenses by the Japanese authorities. MIM Investment Trust and Fidelity have applications pending, which are almost certain to be granted.

"Japanese investment trusts are the equivalent of mutual funds in the U.S. or unit trusts in the U.K.," said Barry Bateman, managing director of Fidelity in the U.K. "Over the long term we are confident that Japan will be the biggest mutual fund market."

Japanese investors typically pay lower charges on their fund investments than their U.S. counterparts. Front end charges for Japanese funds are rarely the 5 percent that investors must expect to pay elsewhere. And annual charges are a fraction of the fees levied by many European and American funds. The managers make their profit on a high turnover.

With the prevailing uncertainty over the Japanese market none of the management groups will be rushing to launch a fund. The keyword for the newly opened market was caution, according to Mr. Bateman.

U.K. Crescent Fund to Offer Investment in Line With Islam

Another mutual fund has joined the ranks of the expanding ethical investment industry. The Crescent Fund, offered by two firms of U.K.-based investment advisers, invests in companies that conform to the ethics of Islam.

The new vehicle is designed to appeal to "investors, whether resident in the U.K. or not, who want to make a sterling investment."

"To state it in very simple terms, that means we don't invest in companies that make money from alcohol, gambling," said a spokeswoman for Ritz Financial Services, one of the fund's sponsors.

The fund invests entirely in company shares, and it refrains from buying interest-bearing securities, also for ethical reasons.

The Crescent Fund is underwritten by the Life Association of Scotland and carries automatic life cover.

The minimum lump sum investment is £2,500 (\$4,750), or investors can subscribe

£20 (\$39) per month. Charges are 5 percent initially. Lump sum investors pay 1 percent annually, and monthly investors pay 0.75 percent annually.

The investment managers are Charterhouse Finance, a subsidiary of the Royal Bank of Scotland group.

An offshore version of the fund with a more diversified investment portfolio, including gems, rare stamps and property, is being planned.

For more information, write Ritz Financial Services, 16 Pall Mall, London SW1Y 5LU, or call London (44 71) 930 8500.

For Art Market and Shares, A Significant Test Lies Ahead

The Gulf crisis and the global squeeze on liquidity is not confined to shares alone.

The art market and art auctioneers — the makers of the market — have been going through difficult times. The stocks of both Christie's and Sotheby's have fallen dramatically from their highs, amid extreme nervousness about the future of the previously buoyant art market.

Early dealings indicate a quieter market with moderate prices this fall. And a crucial test of confidence lies ahead.

Sotheby's will auction significant works from the estate of Henry Ford 2d in New

York. The auction will be held on Nov. 12, and will consist primarily of Impressionist and modern works of art. The most valuable lot is expected to be Renoir's "La Tasse de Chocolat," which is estimated at up to \$18 million.

The price of Impressionist paintings is one of the key indicators of the strength of the art market.

Poland Plans Infrastructure Using Western Role Models

As part of the drive to revitalize its economy, and create what economists call a financial infrastructure Poland has picked what it considers the best of Western financial services as role models.

The Poles have decided to follow the lead of the French for their as yet non-existent stock market. Parisian stocks are traded on a computerized system that the Poles hope to have copied and implemented by next year.

The Poles have already decided to model their insurance industry along British lines.

Amex Will Trade Products Against E100 Europe Index

The American Stock Exchange (Amex) has added yet more contracts to its rapidly expanding array of products for individual and institutional investors.

Amex has announced an agreement to trade options, warrants and other contracts against the newly devised E100 index of 100 leading European stocks. The index measures the performance of stocks in Belgium, France, Germany, the Netherlands, Italy, Spain and the United Kingdom.

Amex will also offer U.S. investors contracts against the French CAC-40 index. French investors can trade with Amex against the Major Market Index.

ANZ Banking Unit Acquires Olec Holdings of Jersey

The private banking arm of ANZ bank has acquired the Jersey trust company Olec Holdings. The ANZ private banking operation is now centered on Geneva, London and the Channel Islands.

"What we offer is ownership of assets by a trustee service in a controlled, safe, and secure environment," said Ben Bendelow of Olec.

The group, which has offices in 48 countries, provides international banking services for clients with a minimum of \$500,000 to invest.



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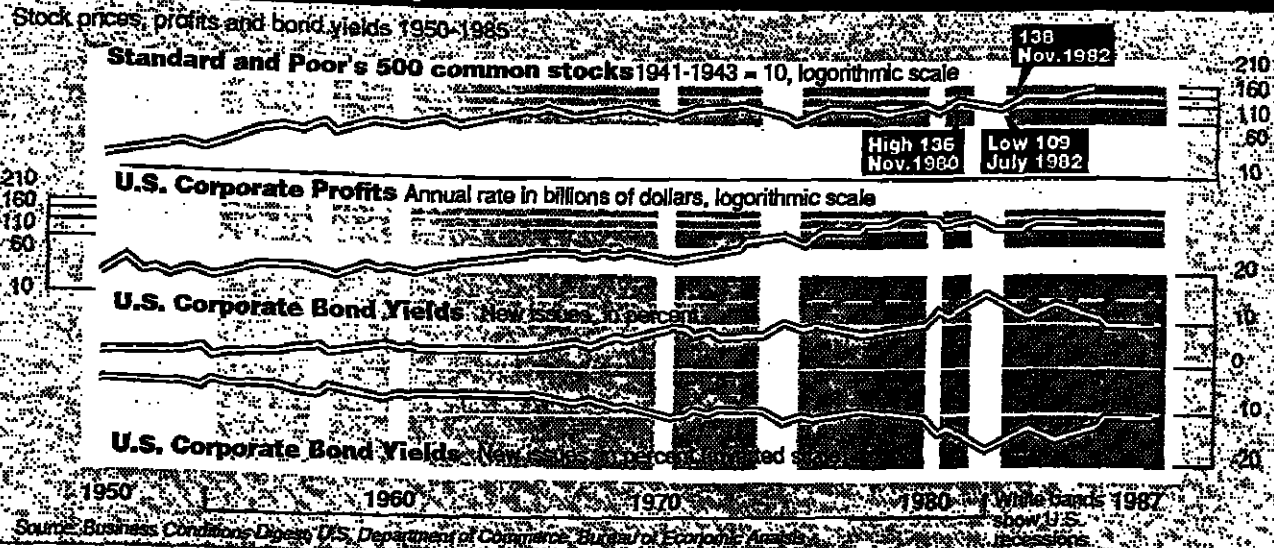
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THE MONEY REPORT

How Markets Anticipate Recessions



Taking the Plunge in the Midst of a Slump

By John J. Duffy

WITH world stock markets growing increasingly nervous over the threat of recession in the United States and elsewhere, financial analysts are offering worried investors some peculiar advice: Gaze into the past, they say.

While economists may argue about the severity of the current business slump, most agree that in seven recessions the U.S. economy has experienced since World War II, stock and bond markets have proved to be among the most reliable of leading indicators.

It's hard to find a case where stock prices did not lead the business cycle, either on the way down or the way back up, said John Cullity, professor of economics at Rutgers University in New Jersey. "The link has been extremely reliable over the years."

When an economy is running at full steam and straining at its capacity limits, professional investors already looking ahead to higher inflation and interest rates. The result is that bond prices begin to fall and interest rates rise.

And as higher rates begin to squeeze the economy and hit corporate profits, stock prices begin falling—many months before the economy actually hits its peak and begins to turn down.

Since 1920, the U.S. stock market has anticipated the onset of recessions by an average of seven months, while bond prices have begun to flash warning signals an average of 22 months before recessions have hit, according to Columbia University's Center for International Business Cycle Research.

A perhaps more important point for investors is that markets also lead the economy on the way back from recession. And when markets sense recovery, the rebound tends to be so explosive that to profit, an investor must take the plunge just when the economic mood is at its bleakest.

In the 1981-82 U.S. recession for example, the S&P index fell from November 1980 through July 1982, losing more than 20 percent of its value. But when the market turned it did so with a bang, rising nearly 27 percent by November 1982, when the economy finally emerged from its slump.

Since World War II, recessions in the United States have lasted an average of 12 months and stock prices have anticipated economic recoveries by an average of about five months.

So what next? "I see more weakness developing," said Michael P. Niemira, economist at Mitsubishi Bank in New York. "Maybe the oil impact is catching up with consumers' spending," he said. "That could completely derail the economy."

While such relationships have held true to a remarkable extent over the years, the problem for investors faced with immediate buy and sell decisions is that short-term factors can cause temporary distortions in market behavior.

In the current period, the obvious distortion factor for world markets is the Gulf crisis and the doubling of crude oil prices since August.

The point is that major world events such as confrontation in the Gulf tend to lead to widely diverging forecasts of the near-term outlook.

"You can't be ruled by the averages," said Professor Cullity of Rutgers. "You need to be flexible and wait for the fundamentals to reassert themselves."

When is the time right to buy stocks? As John M. Templeton, the 77-year-old dean of the American mutual fund industry, has said, the perfect moment is "when pessimism is at its worst."

'89 Wine Futures at Vintage Prices

By David Lanchner

THERE is an unsettling division of opinion among buyers of classic Bordeaux. While individual investors continue to scoop up bottles of the 1989 vintage, many wine experts are staying on the sidelines, convinced that current prices allow little room for appreciation.

"The 1989 Bordeaux is like Tokyo real estate, it's overheated and hard to make money on," says Martin Sinkoff, a buyer for Glaser's, a large U.S. wine importer. Mr. Sinkoff stopped purchasing the Bordeaux, hailed by some as the finest vintage of the century, last spring. "You've got a market with inexperienced investors who do not necessarily know what they are doing."

But Robert Parker, publisher of the Wine Advocate and arguably one of the most influential wine critics in the world, called the '89 vintage one of the three best Bordeaux since 1961. The Wine Spectator, a U.S. magazine, asked on the cover of its April 30 issue, "1989 Bordeaux: Vintage of the Century?" And the well-known French magazine, Cuisine and Wine of France, published a survey that showed 9 of 22 Bordeaux producers agreed that it was.

"It's a good vintage, but it's been hyped," says Fiona Beeson, a Paris-based wine writer. "There must be some hesitation between good and exceptional," says Pierre Cresol, the wine critic for the prestigious French guide, Gault-Millau. "Despite all the claims, we won't really know how good 1989 is until many people have had a chance to taste it."

The wine, which is not yet even bottled, is being bought in the so-called futures market. People look in supplies at what they hope are today's cheaper prices by buying the futures from wholesalers and local merchants. But the wine will not be delivered or ready for tasting on a wide scale until 1992 and even then the better Bordeaux will not reach full flavor until sometime after the year 2000.

Prices for the wine have risen 20 to 30 percent since the slew of positive springtime stories, according to Mr. Cresol and others. The unprecedented rise of '89 wine futures means they now actually cost more than older vintages. The '89 Chateau Haut Brion currently costs \$80 a bottle when bought through a French dealer, while the '86 costs only \$65 a bottle. In the U.S. a 1989 Chateau La Consolante sells for \$70, while a 1982 has a price tag of \$50.

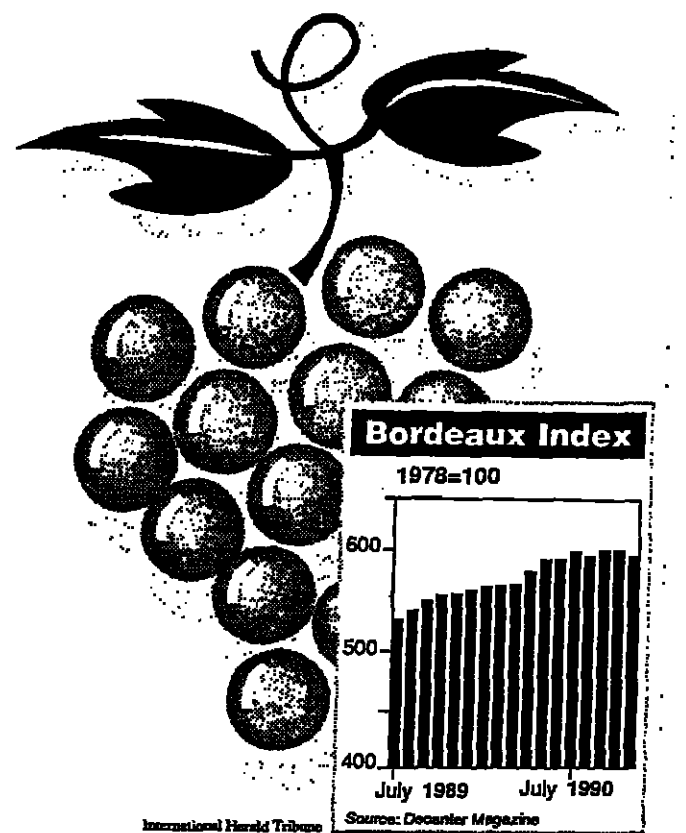
Of course, if 1989 proves to be the vintage of the century the wines may maintain their premiums and even appreciate. But the '82s and '86s are also supposed to be exceptional vintages. Indeed, part of the problem for investors is that there are about six vintages from the '80s contending for the title of the century's best.

Technological and scientific breakthroughs in Bordeaux, combined with massive investment have resulted in more weather-resistant vines, fatter and juicier grapes, effective treatments against mildew, rot and parasites and greater understanding in general of growing and vinification processes.

"What has happened in the past decade is that it has become almost impossible to produce a bad vintage," says Norbert Bruce, the editor in chief of France's Revue Vinicole, a newsletter for French wine professionals.

BORDEAUX futures have always traded on the assumption that there will be roughly two great harvests per decade. "If that is changing and we get another eight great vintages, it could leave investors with good Bordeaux that is not worth the price it was bought for," says Tony Lord, publisher of The Decanter, a British wine magazine.

In addition to the potentially debasing effect of an unending series of superior vintages, there are other reasons to believe the '89 vintage is currently overpriced. "The Bordeaux have compounded excitement over the vintage by playing a clever game of rarity in the Anglo-Saxon markets," explains Mr. Cresol. Producers cut quotas to the U.S. and



Britain, considered price leaders in the futures market, just as the positive springtime reviews were appearing. The reduced supplies, announced in a period of intense demand, put a squeeze on prices that may not last as more wine is released.

"Although it has not been well reported, buying futures has always been tricky," says Ms. Beeson. Technological improvement has meant not just better vintages but also more abundant vintages.

Prices have been jacked up on rave reviews only to get undercut later as stockpiles are sold off to supermarkets and discount chains.

Individual investors, who have only been buying futures since about 1982, focus too often on the reviews without understanding the supply situation, say professionals.

"My advice to investors is to focus on markets where there has been less technological development and where futures buying is not yet a craze," says Ms. Beeson. Excellent reds from the Zindhumbrecht vineyard in Alsace and the Foreau Philippe vineyard in the Loire valley can be picked up for about \$28 a bottle, according to the wine writer. "These are the best vintages since 1945 and quite a bargain."

World Market Performances Over the Week

Top Ten Stock Markets	Industry Indexes Performance	Leisure & Tourism	Top Ten Stocks
Japan.....11.6%	Financial Services.....14.3%	Merchandising.....5.0%	Tekken Construction.....35.1%
Austria.....9.3%	Construction & Housing.....13.8%	Beverages & Tobacco.....4.6%	Sato Kogyo.....31.0%
Spain.....7.8%	Metals - Steel.....12.9%	Automobiles.....4.1%	Tokyo Construction.....28.4%
France.....7.0%	Wholesale & International Trade.....11.3%	Building Materials & Components.....3.9%	Kulim (MAL).....28.3%
Germany.....5.0%	Transportation - Road & Rail.....10.7%	Textiles & Apparel.....3.9%	Penta Ocean Constr.....27.4%
Switzerland.....3.7%	Banking.....8.9%	Appliances & Household Durables.....3.9%	Hazama-Gumi.....27.3%
USA.....3.7%	Misc. Materials & Commodities.....8.3%	Recreation, Other Cons. Goods.....3.6%	Kansai Paint.....26.8%
Singapore/Malaysia.....2.1%	Utilities - Electrical & Gas.....7.6%	Data Processing & Reproduction.....3.2%	Sasachi & Sasachi.....26.7%
Denmark.....2.0%	Transportation - Airlines.....7.6%	Electrical & Electronics.....3.2%	TOA Corp.....25.7%
Netherlands.....1.7%	Machinery & Engineering.....7.0%	Industrial Components.....3.1%	Sun Microsystems.....25.3%
Sweden.....-4.2%	Real Estate.....6.5%	Broadcasting & Publishing.....1.8%	Honshu Paper.....-39.0%
Australia.....-3.8%	Transportation - Shipping.....6.3%	Multi-Industry.....1.6%	Dassault Electronique.....-28.2%
Canada.....-1.7%	Health & Personal Care.....6.3%	Telecommunications.....0.9%	Polaroid.....-23.4%
Norway.....-1.6%	Electronic Components, Inst.....6.2%	Energy Equipment & Services.....0.3%	Posidion.....-22.2%
United Kingdom.....-1.1%	Aerospace & Military Technology.....5.8%	Metals - Non Ferrous.....-0.1%	Bel Group.....-20.0%
Finland.....-0.8%	Insurance.....5.6%	Energy Sources.....-0.4%	Davy Corp.....-19.1%
New Zealand.....-0.6%	Business & Public Services.....5.6%	Forest Products & Paper.....-3.7%	Enso-Gutzeit A.....-17.6%
Italy.....-0.8%	Food & Household Products.....5.4%	Gold Mines.....6.9%	Lone Star Industries.....-16.9%
Belgium.....-1.6%	Chemicals.....5.3%		Emperor Mines.....-16.7%
Hongkong.....-1.7%			USF & G Corp.....-16.5%

All figures are percentage changes in U.S. dollar terms.

Source: Morgan Stanley Capital International

Natwest Plans Unit Using Coutts Name

NATIONAL Westminster bank is trying to give its private banking subsidiaries more clout. Handelsbank NatWest, headquartered in Zurich, and Natwest International Trust Corp., based in the Bahamas, are to be regrouped as a new holding company bearing a prestigious Coutts & Company name.

The original Coutts & Company, so owned by National Westminster, is a nearly 300-year-old private bank based in London that sits among its clients many of the world's rich and famous, among them, Queen Elizabeth II of England.

But investors who go to the new-Christened operations will not be talking with the same bankers who handle the Queen's business affairs.

Despite the name change, "the basic structure of each company will remain the same," said a spokesman for National Westminster.

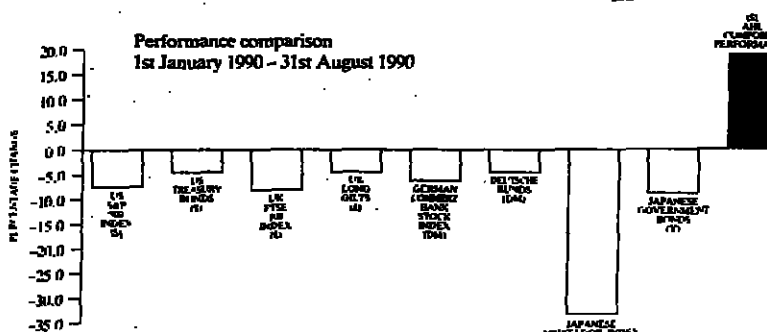
Using the Coutts name for National Westminster's other private banking subsidiaries is apparently part of a fairly cosmetic drive to go up new clients with assets of at least \$500,000.

"This is primarily a marketing change," said the company spokesman. "There is great demand for private banking and we are obviously going for the markets that are in there."

London-based Coutts will continue to have an independent board and will be structured under a separate U.K. holding company.

Coutts chief executive, David Aonay-Coutts will, however, be chairman of both holding companies. Of the new Swiss-registered Coutts & Company International, Mr. Money-Coutts has said that it will "insure [that] services are delivered to the highest standards," private banks handle investments, will pay and even errand running for high net worth clients.

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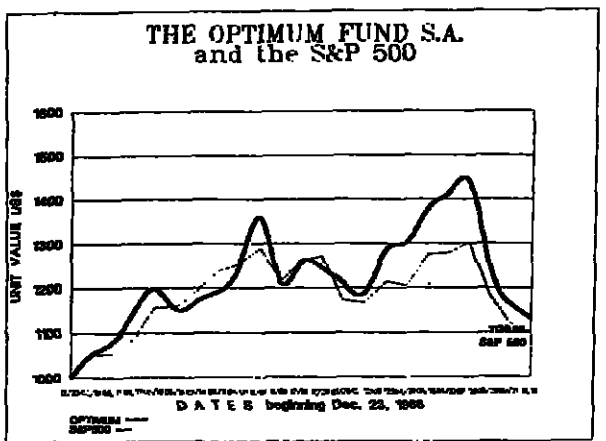
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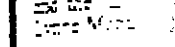
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Fashion / 1991

A Sobering Market for Retailers

By Bernadine Morris

PARIS — The "R" word that retailers usually dare not speak is coming trippingly to the tongue. Recession talk is actually unavoidable: The stock market sinks, gasoline prices double, the Middle East crisis has everyone on edge.

But stores have to look no further than their empty fitting rooms and falling sales figures to see that times are tough. Except for a slight recovery in June and July, retail sales have been dropping since the beginning of this year. It has become increasingly clear that whether from actual necessity or the perception that harder times are around the corner, the bottom line is the consumer is not in a mood to buy.

So it was with troubled minds that the first group of retailers from the United States began their European fashion odyssey earlier this month in Milan. They were joined by a larger contingent in Paris this week.

Among their burdens was the fact that many of the stores they represented had changed management in the past year, leaving massive debts. To raise money, the stores had staged huge sales, forcing more solvent stores to follow with their own price cuts to remain competitive. Were consumers so adjusted to bargain, they would not pay full price for anything again?

Groping for the right fashion formula that would draw customers to their stores to buy spring and summer clothes, stores were striving for a more streamlined operation. Many cut costs by sending fewer people. Instead of a large support corps, many were focusing only on the people who did the buying.

The length of the typical buyers' stay was considerably reduced. Troy Furr, vice president of Sara Fredericks, decided to skip the fashion shows in Milan, arriving after they were over to place his orders. He bypassed London and went directly to Paris where he expects to spend the bulk of his money.

Few stores have any plans at all to increase their fashion purchases. This leaves less money to experiment with new designs or new companies.

"Even if we spend the same amount of money as last year, it will result in less merchandise because of the rise in prices in Europe, and the fall in the value of the dollar," said Lynne Mamalis, president of Martha. Mamalis

Continued on page 20



Alistair Blair, 38, with an outfit from his new collection for Balmain.



"I know what is required at Balmain, Lanvin and Dior," says Karl Lagerfeld. "I should open a style bureau and do them all."

"Gianfranco is very proud and pleased at the international recognition he has never had before, but he is a real mama-and-pasta Italian."

For Pierre Bergé, "there is something indecent about the idea of replacing Yves Saint Laurent. His level of talent cannot be found."

Wanted: A New Generation Paris Houses Seek Successors to Aging Stars

By Suzy Menkes

PARIS — The succession question hangs like the Sword of Damocles over the most famous Paris fashion houses. The focus of the French ready-to-wear season is no longer on the avant-garde, but on the increasingly desperate search for new talent to take over at old-established houses.

Yet another designer throws his hat into the ring Monday. Alistair Blair, 38-year-old Scots-born designer, trained in Paris by Lagerfeld, shows his first ready-to-wear collection for Balmain.

At this moment there are five other Paris houses in search of an image: Dior with Ferré; Montana and ready-to-wear designer Eric Berge at Lanvin; Rochas, which has appointed Irish-born Peter O'Brien; the house of Jacques Fath, bought by Edmond de Rothschild in 1989; and Jean Patou, where Erik Mortensen, lately of Balmain, is rumored to be filling the role left vacant since Christian Lacroix departed in 1987.

There may be more fashion vacancies over this decade. For the international problem of fashion today is that the big names are growing old in their glory.

Bill Blass and Pierre Cardin (both born in 1922) are approaching 70. Geoffrey Beene and Hubert de Givenchy (born in 1927) are over 60. In five years' time, those over 60 will include Oscar de la Renta (showing in Paris from next season) and Valentino (both 58); Emanuel Ungaro and Jean Muir (57); Giorgio Armani and

Paco Rabanne (56); Issey Miyake (55). Turning 50 next year is Vivienne Westwood. Zandra Rhodes celebrated that landmark birthday this year, along with fashion's perennial Peter Pan, Kenzo Takada. Yves Saint Laurent and Jean-Louis Scherrer are both 54; Karl Lagerfeld and Ralph Lauren 51. Azzedine Alaïa, as bashful about his birth date as an aging movie star, is believed to be around 55.

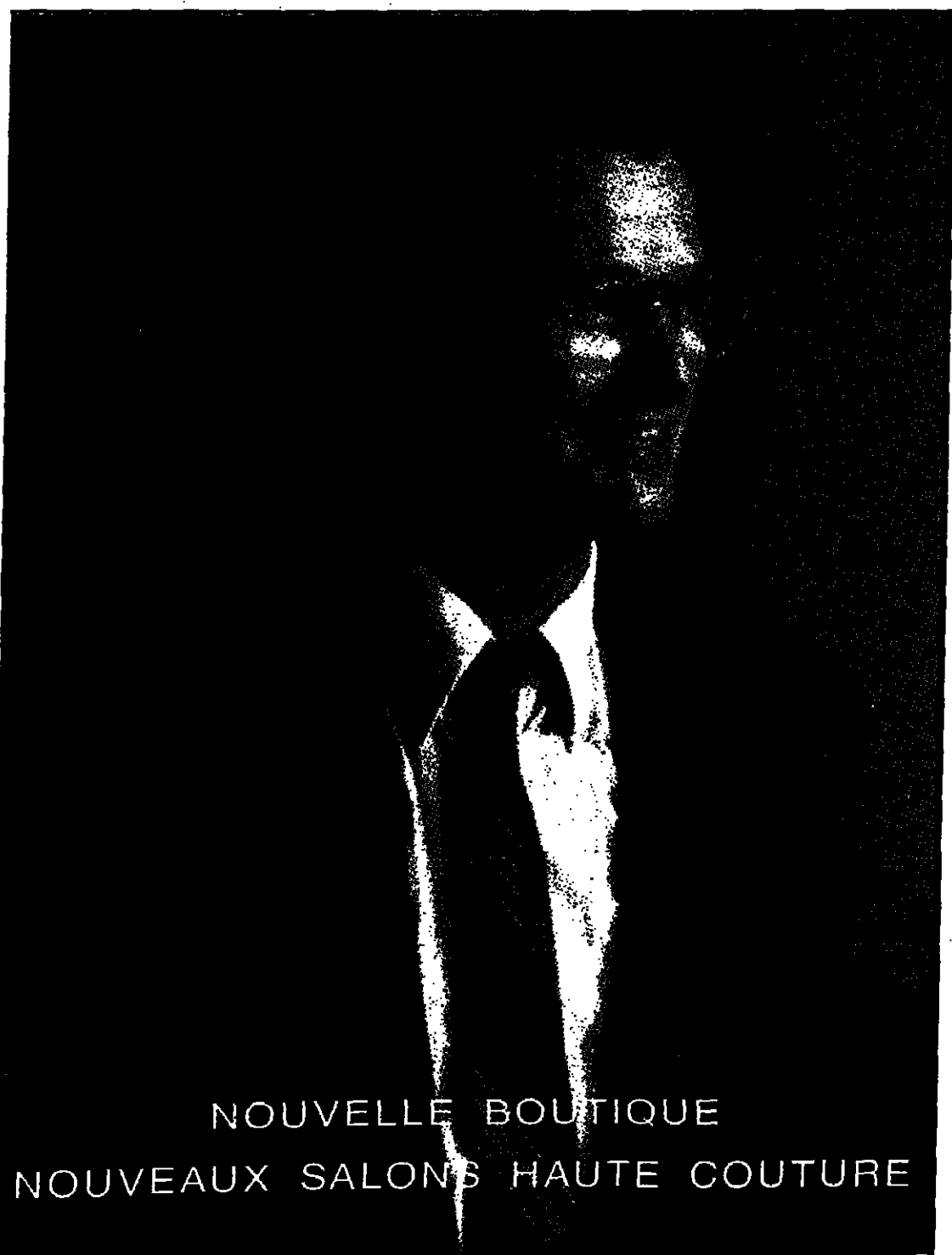
"Of course, age is a delicate thing," says Alain Chevalier, who bought Balmain in 1989, and has replaced designer Erik Mortensen, 65. "In contemporary society, a man at 50 is considered young."

But since creative art belongs to youth rather than experience, the focus of fashion is moving inexorably to the next generation, to Gianni Versace, 44; Romeo Gigli and Claude Montana, both 41; Christian Lacroix, 39; Jean-Paul Gaultier, 38; Rifat Ozbek, 37. That is why Montana was taken on at Lanvin and Gianfranco Ferré, 45, at Dior; Angelo Tiralzi, 48, succeeded the late Guy Laroche; and rumors persist that Thierry Mugler, 44, (who has just teamed up with Clarins for a fragrance) will one day be absorbed into haute couture.

The rising young designer stars are in the United States. Following Calvin Klein, 48 and Donna Karan, 42, are Isaac Mizrahi, 29, and Marc Jacobs, 27, who took over at Perry Ellis after the designer's untimely death.

AIDS is more than a personal tragedy for the fashion industry, where each month adds to the roll call of the

Continued on page 21



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YVES SAINT LAURENT
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GRANDE-BRETAGNE IRLANDE ITALIE LUXEMBOURG SUÈDE SUISSE MONACO
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In U.S., Women Show New Assertiveness

By Cathy Horyn

WASHINGTON — It's an American kind of fashion that turns the ordinary — blue jeans, running shoes, T-shirts, duffel coats, biker leather — into a distinctive style that is not only widely adopted abroad but increasingly fundamental to the many ways American women dress.

By now the idea of dressing "down" a \$1,000 jacket with a \$15 T-shirt is apparently so commonplace in the United States that even designers themselves (notably Gordon Henderson and Patricia Clynne) advance the look on behalf of The Gap, a chain of U.S. stores known for classic sportswear.

When Donna Karan declares that the woman of the '90s has "shed her ensemble mentality," she is acknowledging that women are no longer loyal to a single style, or to one designer. They wear a little of everything — old with new, cheap with dear. But having sampled power dressing, minimalism, from-the-shoulder chic and whatever else the '80s dished out, they may not be as loyal to fashion, either.

Isaac Mizrahi, in whose clothes one finds a lot of humor and imagination, suggests that American women are now more interested in clothes that suit their lives rather than just their occupations. "I don't think there's a difference between dressing for lunch and dressing for work," says Mizrahi. "But I've never bought into the idea that a woman has to wear a suit to the office. To me, a beautiful pair of gray flannel pants, a white shirt and a cardigan is just as authoritative."

There are signs he may be right. In Chicago, the retailer Joan Weinstein notes a tone of defiance among women who, having heard the cant on career dressing, now want shorter skirts, more pants and less corporate single-mindedness. "I think it's an interesting time for women," says Weinstein, who sells such labels as Azzedine Alaïa and Gianfranco Ferré in her Ultimo store. "Right now, we're



American women are now more interested in clothes that suit their lives rather than just their occupations.

very much going to a ladylike suit look — little gloves, hard handbags. My customers really are hip to it. As fashion filters down, more people 'get it' at every level than ever before."

If wearing a style once favored by an American president's wife seems an odd way to assert one's fashion authority, it suggests that women are at least open to more diversity. And, after all, the current '90s drill is giving new luster to old names, like Gucci, Pucci, Courrèges and Paco Rabanne. A number of American retailers say the timing is right (again) for Courrèges's mod simplicity and more than a few, among them Charivari in New York and Silhouette in Washington, are buying Rabanne's new ready-to-wear line for next spring. This, and the ubiquity of Pucci prints, wide headbands, square heels, fishnets and paillettes make for strange feelings of déjà vu.

There is also a sense, as Mizrahi puts it, that American women are lightening up by wearing more vibrant colors, softer fabrics, flatter shoes and, of course, leggings.

Donna Karan says the reason her anoraks, unitards and cash-

mere knits are selling well is that "they are all about freedom of movement." For a lot of women, this simply means wearing jogging suits. Others define freedom as a uniform. Until recently, the dark suit worn with dark opaque hose and dark glasses was so common a sight that one automatically assumed the wearer was in the fashion business. This fall, the operative word is pants.

"We just can't get enough of tight pants," says Selma Weiser, who owns Charivari with her son, Jon, and daughter, Barbara. The Weisers buy leggings and skinny pants from as many as 15 resources to keep up with demand. Linda Dresner, who has stores in Michigan and New York, says one of her best-selling lines for fall is Jil Sander, whose pantsuits retail for around \$2,000. And in Washington, Silhouette reorders up to 175 pairs of Jett stretch pants from France every month, according to co-owner Claudine Chetrit.

There are signs, too, that more women are wearing shorter skirts, not just in New York but also in cities like Chicago and Washington. The morning's rush hour in

Washington is a sartorial study in hemline extremes, a bar graph of ups and downs at every block. A traveler returning to New York after a long absence, on the other hand, might be surprised at how little fabric it takes to make a mini. The best-selling skirt at Charivari, for instance, is 19 inches (about 50 centimeters) long. "We don't buy the dumb length," says Mrs. Weiser, referring to skirts that, skimming the knee, still strike a lot of American women as daring.

In fact, if the bar graph theory holds, there is really no consensus about what constitutes fashion in America. In suburban malls, where most of the retail dollars are spent, young women jack up their hair with mousse and parade in a haze of acid wash and Day-Glo. This is one kind of fashion.

Then there are those women, perhaps the majority, who for reasons of economy, boredom or frustration just aren't interested in keeping up with fashion at all. When designers talk about new silhouettes, it is worth noting that the National Frump of America is based in Winter Park, Florida, and its founding frump is known as Auntie Barbara.

In many ways, the most expressive style runs up in the streets, where, if anything goes, Madonna meets Superfly. It is also Dee-Lite, the New York band of the moment that replays the '70s in music and dress. Or something like that. Black dance music is largely the draw, with a club culture that flits between bondage drag, hooded homeboy gear and, more recently, '70s kitsch. The style may be bummy — money chic with attitude — but exportable, judging by the European takeoffs on tracksuits and bike-bags.

Maybe what American women are looking for in their clothes is freedom — to carry their stuff in a small hard bag rather than a big one; to wear a cardigan to the office instead of a fussy jacket; to dabble in the fashionable past rather than chance the future; to simplify the morning with a T-shirt and a pair of leggings, and at the end of the day feel less encumbered by fashion.

CATHY HORYN is fashion editor of The Washington Post.



For U.S. shoppers, there is little consensus about what constitutes fashion.

West Coast Buyers Look For Old-Fashioned Value

By Rose-Marie Turk

LOS ANGELES — It may not be business as usual on the West Coast, but upscale retailers continue to be upbeat.

Talk here is focused on changing buying patterns rather than gloomy sales figures. Retailers say customers want a really good reason to dip into their deep pockets, and they want their new fashions to come with some old-fashioned virtues, such as quality, value and a decent life span.

The '90s sensibilities have even struck a cord in Los Angeles, home of the "recession-proof" movie and music industries.

"I don't think there is as much emotional buying. I see people coming in for specific things," says Shauna Stein, whose store in the Beverly Center caters to business executives, Hollywood wives and entertainment celebrities, such as Pam Dawbert, Janet Jackson and Olivia Newton-John. "Yes, they will pop for something fantastic, but they want value in whatever that is."

For her broad customer base, Stein is doing "extremely well" with Franco Moschino.

"He makes an understated item right alongside something very witty and fun," Stein says.

She is having similar success with Ozbek's "nod to the Sixties," and "anything in a suit with a well-cut jacket. They travel, they go out to dinner. People need the things that work as well as the things that wow," says Stein.

For nighttime glamour, black still wins out over color. And body-conscious, subtle pieces from designers such as Dolce & Gabbana and Grazia Fava are "outselling anything glibby," Stein says. "But understated in my store has to be special. You still want to give people a reason to buy."

At Theodore and Theodore Man in Beverly Hills, owner Herbert Fink says that the reason is

trendy clothes. He calls amusing and impulsive styling by designers such as Rifat Ozbek and Tavantini "our toys for grown-ups."

Fink says: "There is definitely an air of apathy around. But once customers get in and start trying on the clothes, they get excited about the new concepts. Both men and women are interested in sexy clothes. I think people are tired of looking responsible."

They are also tired of driving. And the store Fink opened in Malibu earlier this year, "thinking of it more as a billboard," is doing surprisingly well.

"So many people who used to live in Beverly Hills are living there [in Malibu] now. It's no longer just a beach house for them."

"Women are looking for something that is not a fad, something they can wear season after season. Men are still buying the wild things first."

and they don't want to travel to Beverly Hills to go shopping."

Expansion has been equally kind to Ron Herman, owner of Fred Segal on Melrose Avenue and the Ron Herman store in chic Brentwood Gardens. Claiming "business has never been this good," he has just opened a second store in the Brentwood mini-mall.

For Herman, the Japanese tourist trade "means nothing to my business. They are walking around with Chanel bags. I really represent the local climate."

And that climate is warming to prestige pieces, including \$700 Italian cashmere sweaters for men. Women wear them with stretch riding pants from France.

"France understands tight pants," explains Herman, who also tempts his "status-industry" customer with \$200 Italian jeans and a purportedly un-American approach to Armani. "We buy Armani differently from anyone

else," he says. "We use the streets of Europe as our inspiration."

At Versace in the Rodeo Collection shopping center, owner Carolyn Mahboubi is looking cautiously at the next six months despite a clientele that includes Japanese shoppers and celebrities, such as Sylvester Stallone, Elton John, Victoria Principal, Kim Basinger, and Eric Clapton. "Usually, this economy doesn't affect us. But this time it has," she says.

"Women are looking for something that is not a fad, something they can wear season after season. Men are still buying the wild things first. I hardly have a male customer who says, or thinks, 'How long will this suit work for me?'"

"Women are looking for something that is not a fad, something they can wear season after season. Men are still buying the wild things first."

Japanese clients, many of whom live in California six months of the year, "represent a big, big segment of our customers," explains Mahboubi. "The average sale will run \$20,000, \$30,000, \$40,000. It happens on a daily basis."

It is a similar story at Roppongi on Wilshire Avenue where owner Moji Shah speaks of \$10,000 sales to Asian customers "who are learning to enjoy and spend their money."

Referring to "hard times," Shah says: "The only ones who stay in business are the ones who know their clientele."

His includes a show biz contingent craving "signature pieces and labels in the glitz category. People who hold a regular job hesitate to buy a glitzy piece with rhinestones or gadgets, but they won't hesitate to buy classics-with-a-twist" from Karl Lagerfeld, Jasper Conran, Angela Strada, Philippe Model and Roppongi's Italian private-label merchandise.

At Fred Hayman on Rodeo Drive, owner Hayman says anti-recession strategies include an increased sales force, "because we can't miss a single sale."

Women's wear purchases, he explains, are the same level as a year ago. But men's wear went ahead about 18 percent last month.

"I think in difficult times, men want to dress extremely well," Hayman says. They do it in a dressy way with suits, shirts and ties from Zegna, Thierry Mugler, Ferré, Studio and Hayman's Italian private label.

Mugler and Lagerfeld appeal to the store's coveted mother-daughter clientele, and so do "many hot new resources who are American," says Hayman. "I love Europe, but I am much more enthusiastic about the American designers."

He is also enthusiastic about the newly opened Two Rodeo Drive retail complex across the street. And in a region where the car is king, no one can fault one of his reasons. "There are 600 valet parking spaces. Our customers love it."

ROSE-MARIE TURK is a Los Angeles Times staff writer.

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Fashion/1991 / A Special Report

Bernard Arnault, the 'King of Luxe,' Caters to Dreams of the Rich

By Suzy Menkes

PARIS — Bernard Arnault has a lean and hungry look. Shakespeare's "Julius Caesar" warned us that such men are dangerous. And so it seemed during Arnault's long and bitter battle to gain control of the largest luxury empire in the world.

As chairman of LVMH (Moët Hennessy Louis Vuitton), he has charge of Vuitton itself, Loewe leathers, Givenchy couture and fragrances, Parfums Christian Dior and Roc. Through his holding company Financière Agache, he owns the fashion houses of Dior, Lacroix and Céline, as well as the Bon Marché department store.

Also in his control are France's finest wine products, from Moët et Chandon, Veuve Clicquot and Dom Pérignon champagne through Hennessy cognac. At last month's wine harvest festival in Avenue Montaigne, Arnault companies bestowed France's luxury fashion avenue.

"I don't really like this word *luxe*," he claims. "It is overused in our profession. For me, luxury in fashion means refinement, sophistication and understatement. The essence of our work is savoir faire in the service of savoir vivre — using our know-how for fine living."

The heir of king luxe is a spare, airy office in the LVMH building where a terrace of bright flowers competes with abstract canvases by the 1950s expressionists Serge Poliakoff and Hans Hartung. Between the paintings is the desk of a tidy man.

"As you can see, I am interested in modern art," he says. "It is the expression of an epoch."

TO many people in the fashion world, Arnault himself seems symbolic of modern times. The genial Henry Racamier, whom Arnault vanquished and ousted as chairman of Vuitton, played wise uncle in the close-knit high fashion family. Arnault represents the rising son, forcing the family firm into the 21st century, dismissive of old loyalties and old retainers.

But even his adversaries admit to his extraordinary grasp of business and breadth of vision.

"He has an aerial view of his empire," says a colleague. "He does not concern himself with detail, yet he looks down and sees not just how it all fits together, but how it will be mapped out in the future."



Arnault: "The artistic side is the source of everything."

What Arnault viewed was a vast global expansion, especially in the Far East, for his stilet products.

"The market for luxury goods has expanded because there has been an overall rise in the standard of living," he says. "In the luxury market, you are selling dreams. The easier a product is to obtain, the lower the dream factor. You have to strike a balance between increasing sales and preserving the dream."

Arnault sees fashion luxury as "a synthesis of creativity and craftsmanship — everything you see in a Dior suit or in Louis Vuitton accessories."

"Ten years ago, people might have bought a product for the label," he says. "Now they expect a combination of creativity, style and quality. In Japan, because it is an egalitarian society, people look for outward signs and symbols of status. That explains the develop-

ment of the market in prestige products." His eyes sweep over the past to "the early days of Dior in the 1950s, when it was almost impossible to export to Japan."

He sees "definite challenges" in the immediate future, as the Gulf crisis affects oil-poor Japan economically. He spies demographic changes, as Japan's low birthrate brings an aging population and a reduced work force by the year 2000.

"But I don't think there will be a lasting problem in Japan, because of the general rise in living standards," he says. "After all, when you think that 15 years ago, Japan was classified as underdeveloped! As well as Japan itself, there will be markets for luxury products in all the satellite countries in the Pacific area — Hong Kong, Singapore, Korea, even Manila — and perhaps in 10 or 15 years in China."

By the new millennium, Arnault, now 41, will only just have turned 50. He was born and brought up in Roubaix in northern France, a significant factor in his character to French colleagues, who see him as part of the cold, gray, reserved north, rather than the expansive, sunny Mediterranean. He majored in mathematics, joined the family construction business, Ferret-Saunier, and was its president from 1977 to 1984; he took over Bousac Saint-Frères, parent company of Dior, in 1985. Five years later, he made his dramatic raid on Louis Vuitton's stock on the Paris Bourse.

Arnault married the former Anne Dewavrin in 1973 and they have two children. He is especially close to his sister Dominique Watine-Arnault, an auctioneer specializing in art nouveau.

Unlike Henry and Odile Racamier, who entertain *le tout Paris* with panache, Arnault does not figure in society, although he has inherited a public role: hosting the gala opening of the ballet season at the Opéra Garnier earlier this month or a New York benefit for the Pompidou foundation.

At such events, he will be seen with his fashion family: Bongibault, Alexandra Tchernoff and maybe Gianfranco Ferré from Dior or Nan Legai, president of Céline.

Arnault is often compared in France to Donald Trump, because two formative years in the United States, from 1982-1984, have given him the style of a corporate raider. He talks clinically about the retail situation in America.

"Basically, there are too many stores and too much selling space," he says. "It should probably be reduced by 40 percent. It is also increasingly difficult to make stores in America work in city centers. Then there is the economic situation. We are no longer in the period of the golden boys of Wall Street. It is not just fashion that is affected. You see it in the restaurants and in the wine business."

The solution is to open special-

exchange rate fluctuations seem a far cry from the rise and fall of headlines, the fluttering feathers and molasses of embroidery at the couture shows. Arnault admits that couture is a loss-making core that is surrounded by money-making products, but insists that it has a continuing role and genuine clients.

"The artistic side is the source of everything," he says. "A couturier is above all a creator. That is fundamental. Everything depends on his inspiration and the breadth of his imagination. The spirit of the enterprise lies with the creator, which is why I attach so much importance to haute couture."

His critics claim that he is a man

who knows the price of everything and the value of publicity. But there are signs that a passionate heart beats behind the gray suit and discreet pocket square.

Beatrice Bongibault, director of Dior, speaks of his furious will to win on the tennis court. Others talk of his sensitivity to music, of the cascading bars of Chopin he plays on his piano, of his unsung financial support for young musicians and his private sponsorship of their concerts. There may be much in him of his flamboyant, extrovert mother, as well as his correct, bourgeois father.

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ist stores "where we are in direct contact with clients." Dior's flagship New York store opens on Nov. 5.

For a company man, Arnault has taken two bold fashion gambles — on Gianfranco Ferré to revitalize Dior and in setting up in 1987 a couture house for Christian Lacroix. This major financial decision, to invest up to \$30 million to jump start a new vehicle for licensing, ready-to-wear and fragrances, was taken in 24 hours. So far, he has invested \$20 million over three years.

PIERRE Bergé has revealed that Yves Saint Laurent lost money substantially for 14 years from the start-up of the couture house in 1962 to a sudden avalanche of profits from 1976.

"To invest in fashion you need to be honest, patient and understand the métier," says Bergé. "It is no good wanting a quick return or thinking for one minute about money. If it works, the money will come."

"Pierre Bergé is right to suggest that you have to be patient," replies Arnault. "Lacroix could be made profitable very quickly, but it is not our strategy to go for short-term gain." The market, he says, has changed since the 1960s and it is now easier to establish a designer on a world scale.

Arnault says that he sees his couturiers as "partners or associates. We have to build together for the future." The relationships are also personal: His decision to launch Lacroix was partly because of their "good rapport." He loves "to talk with Gianfranco about his new collection" or to dine with Givenchy and discuss the early years.

"The epoch of a creator who behaves like a diva is over," he says.

But when the collection starts to move *con allegro*, when it soars and rises to a crescendo, is Bernard Arnault moved by the maestro's music?

"I can now sense the reaction of an audience to a collection. I can feel the artistic emotion," he says. "And I understand that a designer can't do a sublime collection every season."

"I remember two moments of emotion. There was Ferré's first collection for Dior, which was an event in itself, because I could see what he was capable of. It was an important moment and I felt very strongly about it."

"Then there was the Christian Lacroix couture, the one before last, when I was seduced by the revelation that there was a style Lacroix, that he could make simple things that everyone could buy. It came to me at that moment that I wasn't wrong."

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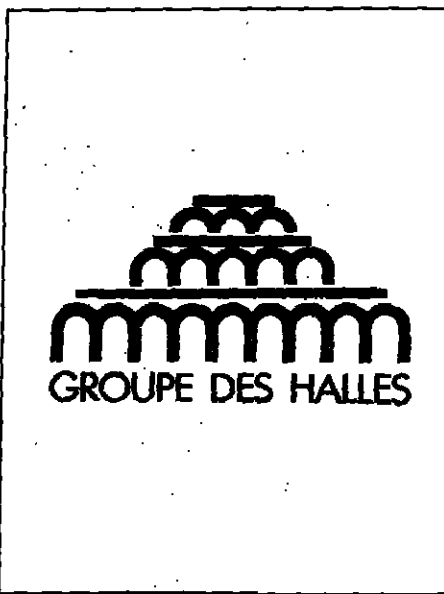
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Herald Tribune

Paris 'Village' Street Goes Chic

Fashion Pendulum Swings Back to St. Germain-des-Prés

By Michèle Loyer

PARIS — Once known only for its provincial charm, the Rue du Pré-aux-Clercs, hidden between Boulevard St. Germain and Rue de l'Université, is fast becoming the heart of a new and growing fashion area.

Ten years ago, the only shops remotely connected with fashion were notion stores, custom-made boots and a tailor. Those days are long gone. In the past three years, the price of commercial leases has skyrocketed, chasing away the last of the former tenants. Young designers have taken over, changing the physiognomy of the street and turning it into a subdued version of Place des Victoires. This quiet exodus from Right to Left Bank is an indication that the fashion pendulum is swinging back to St. Germain-des-Prés, a once chic area that had turned chintzy.

The owner of Peinture, a specialty shop that sells Liberty fabrics by the yard, reminisces about the days when the street resembled a little village. Isadora, one of the first to have discovered the street, hopes that the new crowd won't chase away her faithful clientele of connoisseurs who come from all over Paris to buy her jewelry, spectacular hats and scarves.

Japanese designer Irie opened his first shop at No. 8 in 1983. After a 10-year assistantship with Kenzo, he was looking for a special location to start his own business. "I immediately loved the low-keyed charm. I thought it fit my personality," he says.

SOON, fashion editors were pouring into his small boutique, which looks more like a theater set than a clothing store. A grand piano sits side by side with a stuffed zebra (sometimes replaced by a tiger) on a white marble background. Seven years after he first came, Irie now owns three boutiques, offices and stockroom space on Rue du Pré-aux-Clercs. His designs are less dramatic than the decor. They are urban contemporary clothes at medium prices, with a strong emphasis on stretch fabrics and velours.

Prices range from 400 francs (\$80) for a short skirt to 2,200 francs for a tailored jacket. If Irie is responsible for the takeoff of the street, today he feels victimized by the fashion razzmatazz that he has unwittingly created. Now he is ready to scout for another "special" street in Paris.

Michel Klein opened his first boutique three years ago at No. 6, then a second one next door. It will soon retail his new line, "Klein d'oeil," a play on words that defines a younger mood at moderate prices. In a stark gray background, he contrasts his basic black with Fernand Léger primary colors — bright blue, red and yellow. His line has a contemporary, slightly tough sophistication about it. Leather and stretch fabrics are priced from 400 francs for a knitted top to 3,500 francs for a leather jacket. His current best-seller is an asymmetrical stretch dress at 900 francs.

Corinne Sarrut, who was responsible for

years for the Cacharel collection and image, joined the fashion crowd in 1987. She chose No. 4 Rue du Pré-aux-Clercs because "she felt at home." Her fans come from all over to buy her timeless basics in wool jersey and gabardine. She is also a specialist in soft feminine dresses that she cuts in solid or printed silk and sells for 1,500 francs. Her season best-seller: narrow cigarette pants in stretch wool gabardine at 700 francs.

Last summer, another generation of younger



Window at Myrène de Prémonville

designers arrived. Laurence Tavernier, a "coo-cooning" specialist, makes the chicest and most comfortable sleepwear in Paris. Her terracotta and olive-green boutique at No. 5 reflects the coziness of her clothes. She is best at revamped classics. Striped pajamas and flannel robes sell from 530 francs to 1,300 francs. To make staying home even more appealing, she has added some spectacular throws in wool paisley and large cashmere shawls to her line, versatile enough to be used on a bed as well as on one's shoulders.

Anvers, at No. 7, is the first Parisian shop of a Belgian knitwear firm. The collection is designed by An Kegels and Martine Hillen, who have chosen a decorative theme of stone walls and bleached floors, echoing the simplicity of the clothes and the basic philosophy of their designers — timeless styles in high quality fabrics at reasonable price.

Anvers should soon become a favorite of all bargain hunters with its knitwear coordinated

line starting at 500 francs for a long pullover to 1,500 francs for a wonderful wrap-coat. The line's color scheme goes from subtle neutrals to warm shades of wine, ochre and brick.

Vilaine, at No. 12, is run by a young designer who specializes in matching coordinates. Valerie Ledoux admits that the presence on the street of designer Irie benefits her business "although my style is very different. I am beginning to attract the daughters of Irie's clients who come with their mothers."

Tous les Célébrés, at No. 11, is a well-known firm from Les Halles whose owner has chosen this quiet street to "conquer the Left Bank." The line is essentially stretch cotton knit: from long johns to wrap tops and dresses. Its best-seller is a black dress with a scooped neck at 445 francs.

NEARBY on Rue St. Guillaume, Zedig et Voltaire shows the new fancy line of a well-known French knitwear manufacturer. In a tiny naked space are gathered a full line of coordinated pieces in wool and Lyra knits. Prices vary from 390 francs for a ribbed sweater to 600 francs for a miniskirt. This season, the hot items are the Hollywoodish laces and sequined knits, from polo shirt to cardigan and pants, shorts or dresses at prices ranging from 600 to 1,300 francs.

Just around the corner, at 38 Rue du Bac, is the spectacular boutique of the designer Myrène de Prémonville. The decorator Jacques Grange has created a sophisticated decor that suits the mood of Myrène's collection. The "Harlequin" floor uses several precious woods: mahogany, sycamore and walnut, reflecting the designer's favorite theme repeated on her tricolored pullovers, which retail at 1,700 francs, and on some of her sexy evening suits at 4,300 francs.

Since shopping is an exhausting sport, Pré-aux-Clercs shoppers will welcome a break at a new American lunch place that was opened in May by Jonathan Goldstein. Coffee Parisien, at 5 Rue Perronet, is open from 10 A.M. to 7 P.M. and caters to the local fashion crowd and publishers (Gallimard is around the corner) who come for a taste of the American way of life. Here one can have a genuine bacon-cheese burger or a pastrami sandwich followed by an excellent made-on-the-premises cheese cake or apple crumble. Prices are around 100 francs for lunch with a glass of wine.

And if one still doubted the fashion revival of the Left Bank, the recent opening of Billy Boy's boutique on Rue du Cherche-Midi should convince the skeptics. The American jewelry designer and Barbie doll expert has opened a showcase for his latest creation, "Mdhivani," a miniature doll dressed in couture clothes. The doll was inspired by Bettina, a top model of the 1950s. The 100 or so outfits of the doll's wardrobe are handmade replicas of '50s and '60s couture. Her wig comes from the hairdresser Alexandre. The dolls sell for 10,000 to 15,000 francs apiece.

MICHELE LOYER is a Paris-based journalist.



On the Rue du Pré-aux-Clercs, a whole new crop of young designers have set up shop.

A Sobering Market

Continued from page 17

said she sympathized with her customers who have been complaining about high prices. "They are right. The price of clothes is ridiculous," she said. "I don't know what we can do about it."

Manolis and other retailers point out that the situation today is different from what it was in October 1987, when the stock market went into a nosedive. Affluent customers did not give up buying, or if they did, it was only for a brief period. It is the perception that the United States is in for an extended period of hard times that makes even financially secure people reluctant to spend money on big-ticket items.

Those whose incomes are less secure worry about keeping their jobs, dealing with inflation, making their mortgage payments. So while the affluent complain about paying \$5,000 for a designer suit, customers in more modest circumstances object to \$100 sweaters, \$70 suits and the increased price of children's sneakers. Buying stagnates on many levels.

With this background, there are understandably sharp differences of opinion among retailers on how to cope. Some say the bulk of their orders will go for relatively safe clothes from reliable companies with good track records; this is not a time for wild experimentation. The customer will only spend money on clothes she feels she can wear for a long time without becoming obsolete, according to this line of reasoning.

The opposite view is that only compelling fashion change will lure customers into the stores. In between, there are many gradations of opinion.

"When shoppers have the jitters, you can't make them more nervous," said Selma Weiser, the founder of Charivari. "One tendency is to play it safe, but this

may not be the right technique at all. We all know that women get a lift from a color they never wore before or a new shape. It goes against all logic, but I'm convinced if a great new star came along, we'd all get on the bandwagon. But he better be good."

Kalman Rottenstein believes that Giorgio Armani, with his revival of dresses and his reinforcement of short clothes, may offer that kind of leadership.

The retro mood of the 1960s with its bright colors and Pucci-inspired prints is not sufficient to

The easy affluence of the 1980s has turned into anxiety in the 1990s.

revive business, he feels. It will stimulate an occasional purchase like a pair of colored tights. But what the fashion industry needs is "modern clothes with new ideas," he says. Armani may supply that kind of vision.

So it is with considerable sobriety that retailers are facing the new season. The easy affluence that ran through the 1980s has turned into anxiety in the 1990s. It is not just fashion's future that is murky: It is the entire economy.

According to classic definitions, the economy has to contract for six consecutive months for a recession to be officially acknowledged. Economists are beginning to admit that the evidence is in, but retailers are not waiting for their pronouncements. They know a recession is under way. Their question is how long it is going to last and how can they get out of it. An acceptable change in fashion is a possible lifeline. Retailers are a breed of optimists.

BERNADINE MORRIS is chief fashion writer of The New York Times.

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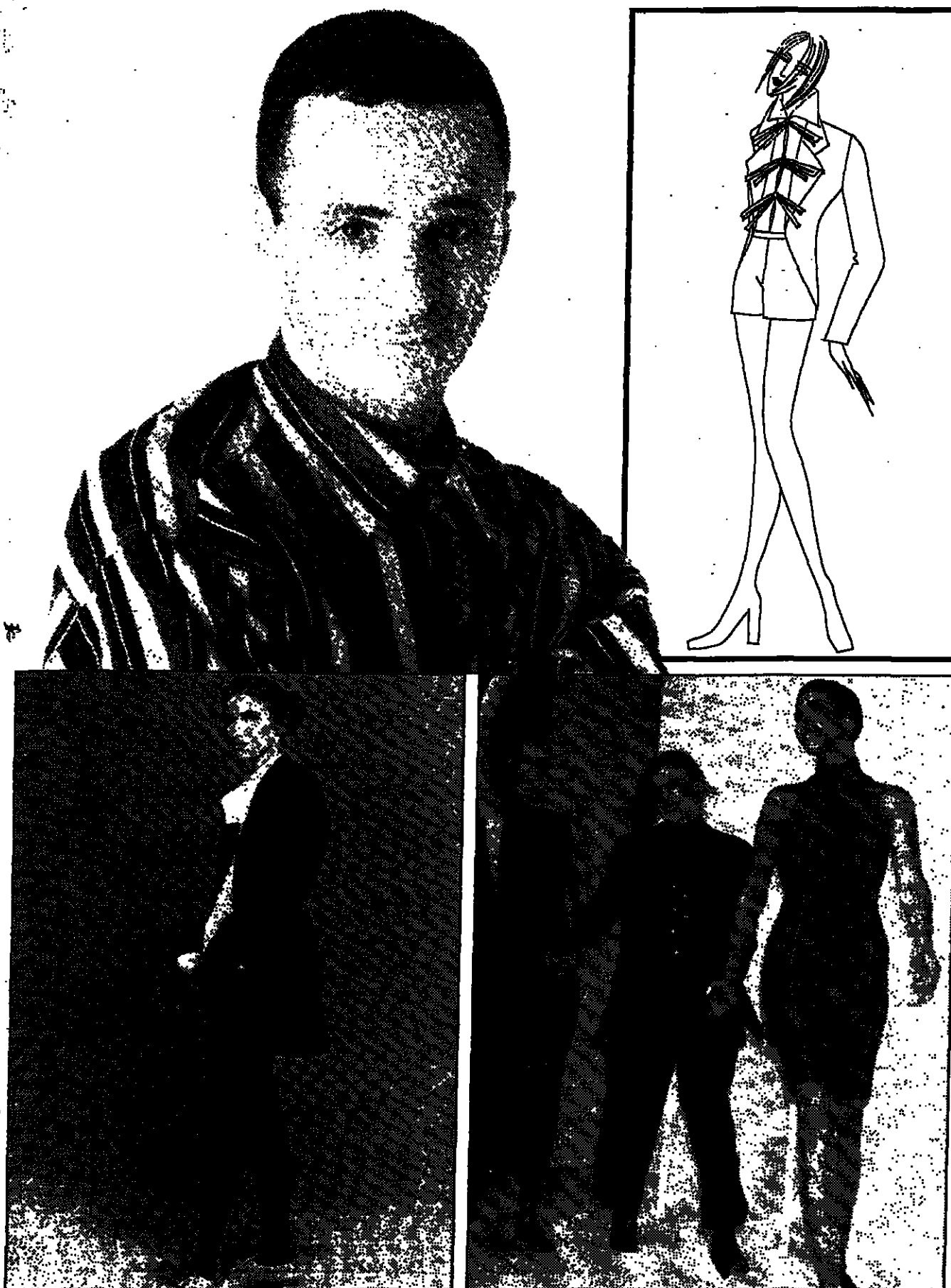
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WESS SAINT LAURENT



Clockwise from top left: Lionel Cros, designs by Helmut Lang, Anne Demeulemeester and Martine Sitbon.

Risk-Takers Defy Tough Times

For the Paris Avant-Garde, Innovation Is Always in Style

By Rebecca Voigt

PARIS — No matter how tough times are, the fashion community is always ready for a good fight. Among the safe, money-in-the-bank collections for spring being shown in Europe this month are a fair share of avant-garde contenders. Adventurous clothes have never been an easy sell, and the economic picture is not going to help, but buyers continue to seek out new names and break-the-mold looks.

"If a store is committed to fashion, then innovation cannot be ignored, not even during downturns in the economy," says Caryl Actis-Grande, whose European-based agency scouts for Bergdorf Goodman, Neiman-Marcus and others.

"Real design innovation comes from new people — the risk-takers — not just the fashion establishment," says Actis-Grande, who cites young French designer Hervé Léger's slinky, sculptural knits as a prime example.

Chantal Rousseau, Bloomingdale's vice president for Europe, says, "Paris is a nest of talent at the moment with emerging designers like Olivier Lapidus, Myrène de Francouville and Sophie Sibon. 'New names' should be supported, but at the right time. It's no use buying just a few prototype pieces."

Françoise Chassagnac of the Paris-based Victoire disagrees. "Sometimes we'll take a few pieces from someone new who we believe in. If we're right, those clothes will be in and out of the store very quickly, and we'll buy more next season." The half-dozen "well-constructed and sexy" suits and dresses from Jérôme L'Huillier, the young winner of an Elle magazine design contest, in a first-time trial at Victoire this fall, sold out in the first week.

The current leader of the rule-breaking fashion pack in Paris is Martin Margiela. Jean-Paul Gaultier's former assistant, now in his fifth season, the 32-year-old Belgian has the fashion community up in arms with his clothes that often look like they were found on one of the vacant lots he favors for his fashion shows. Impeccably constructed, Margiela's fashions are priced well above modest budgets. And his young fans have already figured out how to mimic his cast-off elegance with finds from the flea market.

The department store Galeries Lafayette will open a Margiela corner next spring. "I wanted to buy the collection in its second season, but Margiela said they weren't ready yet," says the store's designer buyer, Claire Perrin. In the department that features young designers, John Galiano and Franco Moschino's new Cheap & Chic collection are lined up with Paris newcomers June July Auguste and Mariot-Chanel.

"When we feature a young designer, we try to buy the entire range," says Perrin, whose orders from new designers can range from 50 to 100 pieces a season. Price is important, she stresses. "A suit from a young designer will sell if it retails at about 3,200 francs [about \$640], but if it is above 4,500 francs, it is too expensive," she says.

Ann Demeulemeester, 30, who produces

much of her collection in Italy and designs in her native Antwerp, is still thinking about having a show. In the meantime, she and her husband-partner, the photographer Patrick Robyn, prepare a photographic essay of her 65-piece collection every season. Her clothes are a twist and turn on traditional shapes. Offside collars make blouses look windblown, elbows are cut out of jackets, dresses and redingotes loop over themselves to create the suggestion of layers. She also designs shoes, jewelry and glasses.

Helmut Lang, who designs his collection at home in Vienna, has produced it in Italy with Zamosport since 1987 but puts on his show in Paris. "Austria has white horses and wonderful cake, but there is no fashion," he says.

Lang's winter collection sold about 35,000 pieces, reports Giovanni Chiselle, of Zamosport. This makes Lang a very big frog in the small avant-garde pond. His clothes are as simple as they are sexy. Velvet parkas and filmy shifts edged in feathers look deceptively simple. This

Adventurous clothes have never been an easy sell, but buyers continue to seek out new names.

season he has little dresses in fabrics that change color with body heat.

The French designer Martine Sitbon, who produces her collection in Italy, hopes soon to have a store and says she will probably open one in the Marais early next year. "I want a place with unimpeccable sales help where customers can come back and look as often as they want," Sitbon describes her style as "less chaotic" than her debut in 1984. "Then I was searching for newness, now I take more time to develop an idea."

English designer John Galiano is presenting his collection in Paris for the second season. He is one of the few British designers who pleases the finicky French fashion community. Galiano, 29, would rather be thought of as "modern in thought" than avant-garde, a term he considers passé. He says that producing in England has its ups and downs, but he has proven that he can make beautiful clothes there.

"His spirit is young, it's expensive, but he has beautiful fabrics," says Christine Weiss, director of the Kashiyama stores in Paris.

Vivienne Westwood is used to being called avant-garde and she thinks it suits her. Westwood, who has been designing since punk arrived in London in the mid-1970s, is credited with launching the tube skirt and the "crime" that inspired the puff on French couture runways. She is not a new designer, but her upstart clothes refuse to settle down and behave.

While everyone else is producing collections, Lionel Cros thinks only of his image. On the marginal razor's edge of Paris fashion, Cros's clothes are more often in front of a camera than on a rack. He has had more magazine

covers than any other new name. And when Cros is busy with fashion editors and photographers, shoppers at his small store on Rue du Roule are often asked to come back later.

Next month, Cros will be featured in a one-man show at Bordeaux's Musée d'Art Contemporain, where Gaultier and Azzedine Alaïa have also been shown. He has yet to sell more than a few pieces to any store, preferring to use editorial photos in magazines like Elle, an early supporter, as his ad-hoc mail order catalog. His clothes resemble fashion snapshots: fast and inexpensive. Latest cheerleader skirts, marabou bolero jackets, wet-look Lycra rainbow columns flecked with gold, the shortest sequin shorts in town and metal filigree vests.

A tough market has not stopped adventurous Paris retailers from turning their stores over to avant-garde style. L'Eclairer, which opened six months ago on Rue des Rosiers, is dedicated to fashion, furniture and objects. Martine and Armand Hadida, who have four other shops in Paris and two in Deauville, have been selling fashion since the late 1970s. L'Eclairer, which stocks designers like Vivienne Westwood, Helmut Lang, Ann Demeulemeester, Franco Moschino and Martine Sitbon for women, also has a menswear shop downstairs.

WHEN the Hadidas couldn't decide whether to open a gallery or a store, they combined the two. "We sell each season for four months instead of six and for the last two months we take the clothes away and leave furniture and objects," explains Armand Hadida. The sculpted metal chairs from André Dubreuil, Fornasetti graphic screens and layered glass by the young Paris artist Marco de Guelzl "enlarge our customers' style vocabulary," says Martine Hadida.

Abstine, on Rue Jean-Jacques Rousseau, seems like fashion's equivalent to a cozy Parisian literary salon with proprietor Marthe Desmoulins as the ardent hostess. Desmoulins sold vintage couture at the Paris flea market to aficionados like Azzedine Alaïa before opening her store seven months ago. "Originally I thought I would mix old and new, but there were so many good new designers I forgot the idea," she says. Desmoulins stocks Mariot-Chanel, Marcel Marongiu, Martine Sitbon and Costume National, an Italian line, along with hats from Jacques le Corre and Philippe Model.

Although his name is far from new, Franco Moschino's irreverent and less expensive Cheap & Chic line is, and the clothes and accessories in the new collection capture the same tongue-in-cheek mode as Moschino Couture.

Martine Jassin Le Cabec buys for the Paris Moschino store and l'Observatoire down the street, which stocks Helmut Lang, Katherine Hamnett, Calaghan and others.

"Moschino is a phenomenon," said Le Cabec. "He arrived just at the point when fashion was sad. His customer is more classic than Gaultier's and behind his fun is a rigorous sense of tailoring."

REBECCA VOIGT is a Paris-based journalist.

Wanted: A New Generation of Designers

Continued from page 17

sick and dying, the obituaries and memorial services.

The premature deaths of Perry Ellis, Giorgio di Sant'Angelo, Angel Estrada, Halston, Patrick Kelly, Guy Paulin, Willi Smith — and so many other colleagues, business partners, photographers, illustrators and stylists — are destroying the natural structure of the succession.

The fear — and it is a very real one — is that those who should one day have stepped into the giants' shoes have been killed years before their prime.

Blair's debut will be followed at Balmain next January by a new designer for couture. Hervé Pierre, 25, is the first of the new generation to take over a Paris couture house — and the youngest since Yves Saint Laurent succeeded Christian Dior in 1958 at the age of 21.

"My first problem was to find a designer for the ready-to-wear, which for various reasons had not been a success or ever thought about in a serious way," says Chevalier. "I congratulate myself on finding Alistair. He is sympathetic, he works well with the team and he understands modern life."

Chevalier now has in place Pierre, Blair and menswear designer Patrick Aubert, 38. Balmain edged out Mortensen with much more grace than Dior showed to Marc Bohan, who was 63 when he was summarily "retired," or when Maryll Lavvin was removed, yet it is always the same story: Fashion financiers want a new designer from a younger generation. The idea of a team is the new phenomenon.

At Yves Saint Laurent, Pierre Bergé has recently promoted Robert Merloz, designer of the YSL fur line. Menswear designs are credited to Bernard Sanz. Although Saint Laurent has apparently recovered from the nervous exhaustion that forced him into the hospital last March, Bergé has begun to discuss the issues raised by the designer's uncertain health.

"If Yves disappeared, I would shut the haute couture house the same day," he says. "I would consider it indecent to make an Yves Saint Laurent collection. I am completely against this business of the succession."

"The real problem I would have would be to find someone to do the Rive Gauche line. Otherwise, the company is in good order, even in the event of my own death, and I am 60 this year. The only person who is irreplaceable is Yves, because it is impossible to find someone at his level of talent."

"Yves was the dauphin. His hands were beside Dior's on the same table. It was evident that he was the successor. Christian Dior



Claude Montana

had the right personality to train someone else. But Yves is not like that. He can't really collaborate with a creator."

Why do all the ateliers of the mighty, the traditional breeding ground of talent, fail to throw up designers to fill the vacancies? "I am not sure that the people you keep in cold storage are the best," says Karl Lagerfeld. "Someone who has worked as an assistant is not tough enough. You have to have the mentality of the battlefield."

When the premium on talent is so high, a dynamic designer does not stick around the studio of *le maître* as Givenchy and Ungaro once did at Balenciaga, Bohan at Dior or Mortensen at Balmain.

Although Hervé Pierre worked for two years at Balmain, that can hardly be taken as an old-style loyal apprenticeship — and, significantly, he has already poached Christian Lacroix's assistant, Lars Nilsson.

"Here was this boy in the house who everyone considered a natural couturier," says Chevalier of Pierre. "He was already being solicited with other offers, so it was either him or the unknown."

At Givenchy, any questions about the succession are stonewalled, although Hubert de Givenchy said openly that he wanted to secure the future when he sold his couture house to LVMH (Moët-Hennessy-Louis Vuitton) in June 1988.

"Monsieur de Givenchy is only 64, he is in perfect health, he is very active and he doesn't smoke or drink. Why should there be any question about him continuing?" says a house spokesman who does not wish to be named.

Giancarlo Giammetti, Valentino's partner, says that they have never directly discussed the succession question.

"I feel that, strangely enough, Valentino would like the business to stop when he stops, while I think it would be normal to want



Hubert de Givenchy

his name to last for eternity," says Giammetti. "The key is to make the name into a brand, rather than a product with a designer label. That will be the strategy."

Jean-Louis Scherrer, trained in the ateliers of Dior, sold his house last year to the Japanese retail group Seibu, who took 65 percent with 35 percent to the French house Hermès. He made the decision after major surgery had made him realize that he was "not super-human."

"I say now that I work for a label and that I have a team," he says. "You have to accept the reality and not leave an empty house behind. When I was at Dior, Yves Saint Laurent and Marc Bohan were already there and Frédéric Castet for the furs. Things were left more or less in order."

CHANEL is the role model for all other attempts to give hormone replacement therapy to a dowager couture house. Henry Racamier, who now owns Lanvin with Lindsay Owen-Jones of L'Oréal, inherited the choice of Claude Montana as couturier.

"It is possible to fill the role of creator," says Racamier. "Montana has made great progress at Lanvin adapting to the house and understanding it. Things were especially easy at Chanel where the house had a strong personality and all those little suits."

Lagerfeld himself has a different view.

"There is only one Karl Lagerfeld — and only one Alain Wertheimer," he says in reference to Chanel's chairman of the board. "Of course, everybody has a chance. Nobody did it before me, but then I am very opportunistic in fashion. My great luck is that I don't have an ego — I like the job and the money — otherwise I am very detached."

Ferré's role as a foreign designer at Dior has been accepted generously in chauvinistic France. The



Donna Karan

French TV channel Antenne 2 showed Thursday a major profile of Ferré, and both he and Montana have received the Dè d'Or, couture's golden thimble award. However, both designers are dividing their loyalties and might ultimately have to make a choice.

"Gianfranco is very proud and pleased at the international recognition he never had before," says a colleague. "But he is a real mama-and-pasta Italian. He isn't living in Paris in the way Balenciaga was. He isn't even looking for an apartment. He is also very involved with his own lines. And suppose he decides not to renew the contract with Dior? The house would be in a much worse position than before."

The example of Ferré and Montana is making other backroom boys restless. Dior announced last month that Dominique Morlot, Dior's menswear designer for the last seven years, will now launch his own line, as well as continue at Dior.

"I just don't understand the idea that you put your energies into a new company, yet stay with the old one," says André Oliver, who has been Pierre Cardin's loyal associate since 1952.

A Paris couture house, with its revenues in fragrance, cosmetics and licensing, needs an image. Whereas the shows on the Milan runways are about selling clothes, in Paris they have to create an aura. However well Alistair Blair's collection is received and sold, the test for Balmain will be for its designer duo to create a new image for a new generation.

"I could do it, you know, I could do it so easily," says Karl Lagerfeld. "I know exactly what is required at Balmain, Lanvin and Dior. Don't you think maybe I should open a style bureau and do them all?"

SUZIE MENKES is the fashion editor of the International Herald Tribune.

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SPORTS

Miami Overcomes Errors and Patriots

The Associated Press
Stingy defense and a touchdown on a drive helped the Miami Dolphins (5-1) take a half-point lead over the second-place Buffalo Bills (4-2) in the National Football Conference (NFC) on Sunday. The Dolphins' defense forced four Miami fumbles, including one by fullback Marc Logan.

When the Patriots' coach, Rod Rust, was asked if he'd ever seen a team get so many turnovers and turn it into only three points, he said: "I don't remember seeing that. It's terribly frustrating."

New England had 34 yards of offense at the half and 197 for the game against the National Football League's fourth-ranked defense.

Dan Marino set up Miami's other touchdown late in the third quarter by hitting Mark Clayton for a 36-yard gain to the Patriots' two-yard line. Sammie Smith scored on the next play to cap a 64-yard drive for a 17-3 lead.

New England's touchdown came with 6:18 left when George Adams caught a four-yard scoring pass from Marc Wilson on fourth down. The Patriots forced a punt and took over at the Miami 44. But Wilson was stopped for no gain on a fourth-down sneak at the 35 with 3:31 left.



A feisty Patriots' defense forced four Miami fumbles, including this one by fullback Marc Logan.

First Rate Second Chance Looms for Testaverde

By Thomas George
New York Times Service
The Tampa Bay Buccaneers' first-round pick, Jimmy Johnson of the Dallas Cowboys, for the first time, and the Cowboys won.

The Tampa Bay Buccaneers' first-round pick, Jimmy Johnson of the Dallas Cowboys, for the first time, and the Cowboys won.

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dropping out of sight in the West Division race with unbeaten San Francisco. The Rams' head coach, John Robinson, is confident, however, that his team can still reach the playoffs. The Falcons think they, too, are of playoff caliber, despite their pass-defense woes Sunday against San Francisco (six touchdowns passed allowed by Montana, five of them to Jerry Rice). Don't expect the Falcons to abandon the blitz, but if they don't get better results, Jim Everett and Flipper Anderson

NFL PREVIEW

could duplicate the Montana-Rice feat. Chris Miller (knee injury) is questionable as the Falcons' starter at quarterback; Scott Campbell is the reserve. Los Angeles by 6.

Philadelphia (2-3) at Washington (3-2) — The Redskins have won seven of the teams' last 10 meetings, but the last five have been decided by seven or fewer points. Randall Cunningham posted a career-best performance in Washington last season, completing 34 of 46 passes for 447 yards and five touchdowns in the Eagles' 42-37 victory. Washington by 5.

AMERICAN CONFERENCE

New York Jets (2-4) at Buffalo (4-1) — Buffalo has stamped the Jets six straight times, with the last three victories by a combined score of 101-10. The Bills have showed life late in games, and the last time they opened at 4-1 (1988), they went on to stretch that record to 11-1 en route to the American Conference championship game. The Jets limp late; they have not scored a fourth-quarter touchdown. Buffalo by 9.

Kansas City (4-2) at Seattle (2-4) — With Barry Word an emerging threat and with Christian Okoye already a solid one, the Chiefs' ground game is swelling. Seattle has gained more than 300 yards in each of five straight games but has 'too often fallen behind early. Seattle by 12.

Los Angeles Raiders (5-1) at San Diego (2-4) — How much had San Diego labored while losing in close games?

The Chargers' 36-point victory over the Jets was their largest margin of victory in their last 153 games. Will Bo Jackson rock the boat? The Raiders have a good thing going, and Jackson adds another option, the Raiders believe. The Raiders will track Anthony Miller, the Chargers' speedy receiver who returned a kickoff 91 yards for a score against them in 1989. Los Angeles by 24.

Denver (2-4) at Indianapolis (2-3) — Eric Dickerson is back, and some of his teammates are not. "He was just another jersey out here today," linebacker Chip Banks said earlier this week. Dickerson missed the first five Colts games because of a contract dispute and has criticized his teammates and Colts management. Denver has not lost four games in a row since the 1972 season. Indianapolis by 1.

Cincinnati (3-3) at Cleveland (2-4) — Monday night's game will be the 40th clash for the Ohio championship, games always colorful and full of action. Bud Carson, the Cleveland coach, is in hot water with an underachieving team. With 10 games left, the Browns' punter, Bryan Wagner, has already suffered a club-record four blocks. Cleveland by 3.

INTERCONFERENCE

Pittsburgh (3-3) at San Francisco (5-0) — San Francisco has won 13 games in a row and owns the league's No. 1-rated offense. But the Steelers' defense is No. 1 in the American Conference and is first against the pass. Eric Green, a tight end and the Steelers' No. 1 draft choice, has seven interceptions, five for touchdowns. San Francisco by 10.

New Orleans (2-3) at Houston (3-3) — To no one's surprise, Steve Walsh makes his first start for the Saints and John Fourness stars. Walsh will be hard-pressed to keep pace with the Oilers' run-and-shoot and Warren Moon, who leads the league in completions (150), attempts (251), yards (1,904) and touchdowns (16). New Orleans seeks a league-record 14th straight victory over AFC teams. Houston by 6.

The NFL's Statistical Leaders

AMERICAN FOOTBALL CONFERENCE TEAM STATISTICS				NATIONAL FOOTBALL CONFERENCE TEAM STATISTICS			
OFFENSE				OFFENSE			
Team	Yards	Rank	Pass	Team	Yards	Rank	Pass
Houston	220	40	1850	San Francisco	204	34	1095
Kansas City	206	810	1284	Rams	182	49	1340
Chicagoland	201	84	1420	Atlanta	181	50	1420
Denver	197	74	1245	Philadelphia	173	57	1154
Jets	192	79	1145	Washington	165	62	1028
Seattle	187	70	1174	Minnesota	162	63	1028
Miami	153	53	1815	Tampa Bay	178	74	1127
Buffalo	151	56	916	Chicago	168	77	1049
San Diego	173	68	985	Green Bay	160	80	1282
Raiders	171	69	1074	Giants	157	84	1003
New England	149	407	1002	Detroit	157	85	1146
Cleveland	142	414	1108	New Orleans	157	86	1146
Indianapolis	124	317	929	Phoenix	143	93	792
Pittsburgh	126	537	987	Dallas	127	471	854

DEFENSE				DEFENSE			
Team	Yards	Rank	Pass	Team	Yards	Rank	Pass
Pittsburgh	1476	536	900	Giants	1231	353	808
Miami	1382	412	870	Chicago	1217	345	1027
Raiders	1377	337	1072	Philadelphia	1212	345	1027
Houston	1408	550	1058	Phoenix	1207	418	897
San Diego	1756	581	1175	Dallas	1814	791	1022
Cleveland	1761	643	1098	New Orleans	1539	433	1084
Kansas City	1829	692	1117	Washington	1539	433	1084
Buffalo	1546	636	902	Minnesota	1539	433	1084
Seattle	1923	611	1312	San Francisco	1618	529	1294
Jets	2017	622	1185	Green Bay	1618	529	1294
Denver	2067	654	1412	Tampa Bay	1618	529	1294
Indianapolis	1729	513	1216	Atlanta	1912	303	1069
New England	1822	486	1136	Detroit	2311	1086	1285
Chicagoland	2404	640	1764	Rams	1722	537	1297

INDIVIDUAL LEADERS				INDIVIDUAL LEADERS			
Quarterbacks				Quarterbacks			
Player	Att	Comp	Yds	Player	Att	Comp	Yds
Schroeder, Raiders	134	71	1159	Simms, Giants	117	72	1010
Moore, Hou.	231	150	1904	Montana, S.F.	191	131	1792
Krieg, Sea.	144	107	1294	Testaverde, T.B.	138	79	1193
Warren, K.C.	177	94	1278	Everett, Rams	177	102	1428
O'Brien, Jets	172	95	1245	Miller, Atl.	177	103	1415
Esterson, Cin.	179	105	1471	Harbaugh, Chi.	178	97	1373

Running Backs				Running Backs			
Player	Att	Yds	Avg	Player	Att	Yds	Avg
Humphrey, Den.	109	588	5.2	Anderson, Chi.	105	492	4.7
Surfs, S.D.	102	263	2.6	B. Sanders, Atl.	105	492	4.7
Davis, K.C.	94	345	3.7	Johnson, Phi.	93	423	4.5
Thomas, Buff.	74	434	5.9	Gunderson, T.B.	95	403	4.2
Forner, Sea.	42	337	8.0	Byrner, Wash.	49	299	6.1
Stevens, N.E.	81	319	3.9	E. Smith, Atl.	72	328	4.6

Receivers				Receivers			
Player	Att	Yds	Avg	Player	Att	Yds	Avg
Williams, Sea.	31	433	14.0	Rice, Atl.	33	574	17.4
Hill, Hou.	30	477	15.9	Rice, S.F.	33	574	17.4
Hill, Hou.	30	477	15.9	Byrner, Phi.	33	574	17.4
Jefferson, Hou.	29	316	10.9	Byrner, Phi.	33	574	17.4
Fernandez, Raiders	28	322	11.5	Shorne, G.B.	27	444	16.4
Johnson, Den.	28	451	16.1	H. Jones, Minn.	27	444	16.4

Passing				Passing			
Player	Yds	LG	AVG	Player	Yds	LG	AVG
Gr. Montgomery, H.	14	72	60	Landolf, Glats	21	924	55
Hansen, N.E.	22	164	69	Saxon, Atl.	21	1346	64
Horan, Den.	22	99	45	Comerio, Phi.	20	864	43.2
Donnelly, Sea.	18	771	49	Arnold, Atl.	22	947	59
Stork, Ind.	17	720	54	Futrone, Atl.	22	947	59
Johnson, Cin.	25	1022	70	Bernhardt, P.	21	873	41.6

Punt Returns				Punt Returns			
Player	NO	Yds	LG	Player	NO	Yds	LG
Price, Cin.	14	158	11.2	Manget, Glats	10	135	12.6
Curry, G.B.	15	157	10.5	Curry, G.B.	10	135	12.6
Townsend, Phi.	9	98	11.0	Grov, Atl.	16	164	10.3
T.Brown, Raiders	12	114	9.5	Siksterson, Phi.	11	185	16.8
Warren, K.C.	15	125	8.3	Taylor, S.F.	11	185	16.8
Jefferson, Sea.	8	85	10.6	Selby, Chi.	16	145	9.1

Kickoff Returns				Kickoff Returns			
Player	NO	Yds	LG	Player	NO	Yds	LG
D. Smith, Buff.	19	228	12.0	Gray, Atl.	14	282	22.1
R. Brown, Raiders	9	285	22.4	Mitchell, Wash.	10	216	21.6
Warren, K.C.	8	179	22.4	Manget, Glats	10	216	21.6
Townsend, Phi.	11	242	22.0	Sanders, Atl.	10	209	20.9
Watkins, Sea.	15	213	20.9	Cobb, T.B.	9	127	14.1
Woodson, Phi.	10	201	20.1	Watson, G.B.	13	276	21.3

Touchdowns				Touchdowns			
Player	TD	Yds	LG	Player	TD	Yds	LG
Forner, Sea.	3	7	1	Anderson, Chi.	8	8	2
Brooks, Cin.	1	4	0	Rice, S.F.	8	8	2
Griffin, Hou.	5	5	0	S. Sanders, Atl.	7	5	2
Rice, Atl.	5	5	0	Rice, Atl.	7	5	2
Smith, Min.	5	5	0	Gunderson, T.B.	5	3	2
Allen, Raiders	4	4	0	Anderson, Glats	4	4	0

Kicking				Kicking			
Player	PAT	FG	LG	Player	PAT	FG	LG
Lowery, K.C.	17-17	12-15	44	Christie, T.B.	14-14	12-13	55
North, Sea.	17-17	11-12	46	Isaiah, Minn.	15-15	11-12	48
Townsend, Den.	16-16	11-11	43	Butler, Chi.	16-16	10-12	42
Leach, Jets	11-11	10-11	47	Russell, Phi.	15-15	11-13	45
Narwood, Buff.	13-14	9-14	48	Lohmiller, Wash.	13-13	10-13	45
Johnson, Sea.	16-15	7-12	51	Coker, S.F.	16-14	9-14	56

Notre Dame Is On Guard For Miami

By Malcolm Moran

SOUTH BEND, Ind. — Notre Dame's defense is strong, tight, and ready to guard against Miami's attack.

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BOOKS

HOLDING ON TO THE AIR:

by Suzanne Farrell with Toni Bentley.
\$19.95. Summit Books, New York, N.Y. 10020.

THE SHAPE OF LOVE

by Kirkland and Greg Lawrence. \$19.95. Doubleday, Garden City, N.Y.

by Mindy Aloff

The book of Suzanne Farrell's autobiography, "Holding On to the Air," is a memoir of her life as a dancer.

The book of Suzanne Farrell's autobiography, "Holding On to the Air," is a memoir of her life as a dancer.

changed, and I was walking on the sand by the ocean with Mr. B. It was still very bright, and people came up and looked at me. I responded to their silent, puzzled looks by saying, "Oh, yes... that's Mozartiana." It was the answer to all questions.

Farrell's dream is an emblem of her book at its best: a suggestive trope of personal material in which one recognizes a striking sensibility on the move.

When she and her co-author, Toni Bentley, report on Farrell's dancing from the inside, their story soars, for Farrell's daylight ideas about dancing are cut from the same cloth as her dream.

Farrell goes against the view recently stimulated by Gelsey Kirkland's "Dancing on My Grave" and Suzanne Gordon's "Off Balance" that the pursuit of ballet entails physical martyrdom and emotional deprivation. For Farrell, the art of the ballerina is the continuous expansion of self and its essence cannot be rehearsed or marked.

Farrell's love for Balanchine — her Prospero, her Cyrano, her boss — is rich and strange, even heroic. It is also isolating and exclusive: the rest of the New York City Ballet drifts around at the edges. In the first half of the book, where Farrell's youth and Balanchine's need drive the events wildly through all sorts of artistic experiment and personal epiphanies, Farrell's tunnel vision is just what one wants. In the second half, however, one wishes for another writing collaborator with a keener understanding of

what Farrell did in the studio and on stage, rather than what she felt or sensed. Toward the end of "Holding On to the Air," we get the transformation of the prima ballerina into Suzanne Farrell, stager of Balanchine ballets. We watch her set "Scotch Symphony" on the Kirov. At one point, Farrell finds herself saying to a dancer, "It doesn't matter what you feel, it matters what you do, and what it looks like." This might seem like a contradiction of her earlier statement, except that she is no longer speaking as a dancer, but as an observer of dancers.

This makes for telling comparisons with a section of Gelsey Kirkland's new book, "The Shape of Love" (written with her husband, Greg Lawrence), in which Kirkland is called on to coach the Royal Ballet-trained Trinidad Sevilano in the title role of "Giselle," which she does through a process of tortuous Socratic dialogues. Here are the two poles of thinking about what ballet is. On the one hand, Farrell's: The dancer is the meaning. On the other, Kirkland's: The meaning is a statement separate from the action that embodies it. My temptation is to dismiss Kirkland's view because her book is so unforced. Kirkland's approach seems zany, but in the chance operation that we call the theater, even the zany score sometimes.

Mindy Aloff, a regular contributor to The New Yorker magazine and a critic at Dance magazine, wrote this for The Washington Post.

BRIDGE

By Alan Truscott

At the World Championships in Geneva last month, Jean Besse of Switzerland and Boris Schapiro of Britain competed in the Paribas Senior Pairs, for players aged 55 and older. They were aided by the diagrammed deal, on which an unusual slam effort succeeded.

With a good fit and all suits controlled it was not easy to avoid six clubs. South's three-club was artificial by agreement, asking for a further description, and three diamonds showed club length. The diamond weakness should have been fatal in six clubs, but Besse as declarer survived with a little help from the defense. The opening spade lead was won in dummy, and a diamond was led to the ace. Both defenders erred subtly by playing low: East could have played the king without risk, and West could have played the queen to clarify the position for his partner.

South cashed the club king and began the strip. He led to the heart ace, threw his remaining heart on the spade ace, and ruffed a heart. When he then crossed to the club ace, East missed his last chance to dispose of the diamond king, throwing a spade. So Besse was able to ruff the heart jack and lead a diamond, forcing East to win and concede a ruff-and-suff. Dummy's diamond loser disappeared and the slam was made. Notice that South was careful to make the crucial diamond lead from the close hand. If West had begun with K-J of diamonds he would have to open crocodile jaws, playing the king to swallow his partner's queen.

NORTH (D)			
♠	A K		
♥	A J 7		
♦	Q 10 6 4		
♣	A 10 6 4		
SOUTH			
♠	Q 8 5		
♥	A 10 7 4 3		
♦	A 10 7 4 3		
♣	A 10 7 4 3		

SPORTS

The Reds Bask While the Athletics Bicker

Browning Goes for a 3-Game Lead

By Mark Maske
Washington Post Service

OAKLAND, California — Tom Browning's Cincinnati teammates readied their suggestions about what to name the son born to the pitcher and his wife, Debbie, late Wednesday night.

The most popular selections among the Reds were Joe Oliver Browning and Billy Hatcher Browning, although relief pitcher Rob Dibble offered the compromise choice of Oliver Hatcher Browning and most of Cincinnati's players agreed that such a split of the tribute was the only fitting solution.

"After all, this kid kind of belongs to all of us," said Dibble, who along with bullpen cohorts Randy Myers and Nola Charles even were prepared to offer the newborn an honorary "Nasty Boys" membership.

So the Reds were understandably disappointed to learn Thursday that the Brownings already had decided upon Tucker Thomas as the name for the baby born about the time the heroics of Hatcher and Oliver were culminating a few miles away at Riverfront Stadium in Cincinnati's dramatic, 5-4 victory over the Oakland Athletics that forged a starting two-game-to-lead in the World Series.

"Tommy really let us down," pitcher Jose Rijo said. "He'll have to make it up to us." Browning quickly got that chance, for the left-

hander was to start Game 3 on Friday night at Oakland Coliseum against erratic Mike Moore and the suddenly testy Athletics.

The Reds, in contrast, were loose and carefree, and justifiably so: In consecutive days they upset the ball's dynasty-in-the-making by routing the game's best high-stakes pitcher (Dave Stewart), then rallying against its most flawless reliever (Dennis Eckersley) for a 10-inning triumph.

"We know the job's not done yet," Cincinnati shortstop Barry Larkin said, "that it's only halfway done. But we feel like we've taken care of the tougher half. We beat Stewart, then we beat Welch, Bob Welch, and Eckersley. What more can you ask for in two days?"

The A's are batting .264 (to Cincinnati's .338) and are one for 19 with runners in scoring position.

Of course, Oakland's situation is far from hopeless. The A's were 52-29 at home during the regular season, and they should get an offensive boost from the addition of the designated hitter to the lineup. Their manager, Tony La Russa, said he likely will use Harold Baines, even against left-handed pitching. Cincinnati probably will use switch hitter Todd Benzinger.

And, the A's have Dave Stewart and Bob Welch returning for Games 4 and 5. "I can easily see us turning this around," Stewart said.



Jose Canseco was under fire for his defense and his concentration.

Canseco at Center Of Oakland Fuss

By Michael Martinez
New York Times Service

OAKLAND, California — It was clearly a difference of opinion that followed the second game of the World Series, and it was followed by Tony La Russa and Jose Canseco meeting behind closed doors then attempting to downplay their disagreement.

"It's not a major incident," Canseco, the A's right fielder said after batting practice at the Oakland Coliseum Thursday. "I don't want to see it blown out of proportion. We don't need the distraction."

But with the Cincinnati Reds having won the first two games in the best-of-seven Series, it has clearly become one. La Russa, manager of the A's, criticized Canseco for failing to catch an eighth-inning fly ball that allowed the Reds to tie the game, and when it was over and the A's had lost, 5-4, in 10 innings, the sniping began.

"If that's what he says," Canseco said of La Russa's comments, "then that's his problem. If he wants to hang the loss on one player, he's totally wrong."

La Russa, after speaking with Canseco for almost an hour, insisted he had never said that the mis-play had cost the A's the game. But he defended his honesty in saying the ball should have been caught.

"The story goes that I'm a player's manager," he said, "which is what I try to be. But it also means you've got to be honest. If you're not, you'll lose your credibility, especially with your players."

Pitcher Dave Stewart was also critical of Canseco, and a source close to the team said several players have grown agitated with Canseco's apparent lack of concentration and his antics at the plate.

"I think too many other things are becoming an interference for him to concentrate a whole nine innings," Stewart told The San Francisco Examiner. "Mainly, batting with umpires and questioning balls and strikes. You can't concentrate on what you have to do on the field. His concentration level is just shot."

La Russa concurred Thursday, saying, "What Stewart said is that he's got to be careful with distractions. I felt that was a good thing to say."

But Canseco disagreed. "I'm always concentrating," he said. "I've had those doubts all my life. It doesn't bother me at all."



Tom Browning was irreplaceable after the birth of a son and was ready to take the mound for Game 3.

Hatcher: Once Again, a Common Man With an Uncommonly Hot Hand

By Thomas Boswell
Washington Post Service

OAKLAND, California — The inflexible tradition, of which Cincinnati's Billy Hatcher is simply the latest example, was established in the first inning of the first World Series game ever played.

Cy Young of Boston faced Jimmy Sebring, 21, the little-known, 277-hitting right fielder of the Pirates. The rookie drove a two-run homer. Next time he faced Young, another hit and another RBI. Finally, in the seventh inning, the 511-game winner and the peon Sebring came again. Sebring, who hit only six home runs in his whole five-season career, hit the ball over the center field fence for the first homer in Series history.

In the end, it was Sebring, not teammate Honus Wagner, who led all 1903 Series hitters with a .367 average.

Almost every season, the ghost of Jimmy Sebring arises, bringing his name dressed as Don Larsen, Dusty Rhodes, Brian Doyle, Al Weiss, Moe Drabowsky, Cookie Lavagetto, Sandy Munson, Bernie Carbo, Al Gionfriddo, Howard Ehmke, Bill Vamborg and Mickey Hatcher. If Bobby Richardson

doesn't have 12 RBI, then Billy Martin has a dozen hits. They make catches and throws they never dreamed of. And they do it to Joe DiMaggio or Yogi Berra or Bob Lemon.

What do Rick Dempsey, Steve Yeager and Larry Sherry have in common? None ever made an all-star team but each has been World Series MVP in '55.

The World Series isn't baseball's center stage. It is the game's great Hall of Justice. The rich and mighty come there, most often to be humbled. They predict sweeps, then miss fly balls. But the meek, like Billy Hatcher, with his World Series-record seven straight hits, has said: "I'd be happy to bat ninth. I just want to play."

None of the Reds, and few players ever, has had the hot hand that's been dealt to Hatcher. And you have to wonder if, once again, the game hasn't put its pinky on the scales to even up some past injustices.

It was the 5-foot-9-inch (1.7-meter), round, bouncy Hatcher who was robbed, for all practical purposes, of one of the game's better clutch homers: his titanic third-deck blow in the 14th inning off Jesse Oresco tied the score of the sixth game of the 1986 National League playoffs. If Houston had won that pennant, Hatcher would be the Kirby Puckett of Texas.

It was also Hatcher who, the next spring, was suspended for 10 days for using a corked bat, the harshest such cheating suspension in major league history. For him to get crucified for such a common sin seemed far too harsh to many. Besides, he still claims he had just borrowed pitcher Dave Smith's bat.

No, Hatcher has never gotten what was coming to him. After two fine seasons in Houston, he had one bad year and got traded. At 30 this spring, he found himself trapped in Pittsburgh behind Bobby Bonilla, Barry Bonds and Andy Van Slyke.

"I don't want to be an insurance policy," he told Jim Leyland, the Pirates manager who had been trapped in the minors for 18 years himself. "Trade me anywhere just so I can play."

Leyland thought so much of Hatcher, as all the little hustler's bosses have, that he dealt him to the Reds for people named Mike Roesler and Jeff Richardson.

"He's a great kid. Love him," said Leyland after Hatcher's homer helped beat the Pirates in the third game of the NL series. "I just didn't know we'd see him again in the damn playoffs."

So far in this Series, Hatcher has walked and scored; doubled home a run and scored; doubled off the left field wall and scored; beaten out his 30th infield hit of the year; doubled home a run off the right field wall and scored; doubled to left; beaten

out a leadoff bunt; tripled off Jose Canseco's glove and scored to tie the game 2-2 in the eighth inning; and been walked intentionally.

After Hatcher hit his '90 playoff home run, he was asked what residue had been left by his '86 playoff homer. He shrugged. "Somebody I can put the tape in my TV and tell my grandchildren. 'See, I once played in the major leagues.' That's all."

Billy Hatcher wants you to know that teammate Eric Davis is the real hero of the Series so far because his homer in the first game "took the pressure off everybody." Hatcher wants you to know that he won't complain if he doesn't play and that "it's not this easy. It's just that everything I hit is falling in."

He figured he would be remembered as a little round guy with limited tools who bounced around, worked hard and did what he was told. In lore, he would be recalled as the player who hit the greatest homer that nobody remembered and as the most severely punished bat-corker ever.

He did not like that legacy, but he figured that players in his humble category did not have much say in rewriting history.

He was wrong. Sometimes it does not seem that the World Series exists primarily for the crowning of a world champion. Instead, it seems to exist so that the Billy Hatcher of baseball can get to experience for a few days what the legends of the sport have bestowed upon them for their whole careers.

Japanese Series Set to Open

The Associated Press

TOKYO — The Central League champion Yomiuri Giants, seeking their second consecutive title, will face the Seibu Lions, winners of the Pacific League, Saturday in the first game of the Japan Series, the Japanese national championship. All tickets are sold out for the best-of-seven series opener at the 56,000-seat Tokyo Dome, home of the Giants. Masaki Saito, the only 20-game

SIDELINES

Greece Seeks Talks on Olympic Bids

LONDON (AP) — The winner and the losers in the race to stage the 1996 Olympics are being asked to meet next month to discuss the bidding process and make suggestions on how it could be improved. Leaders of Athens' unsuccessful effort to hold the 100th birthday of the modern Games have invited Atlanta, the chosen host, and the four other defeated cities to three days of talks in Delphi. Officials from other bid cities said they would prefer the meeting be held under the umbrella of the International Olympic Committee.

World Football League Plans Tryouts

LONDON (AP) — The World League of American Football will sign more than 800 players during a nine-city evaluation tour of North America, league officials said Friday. The invitation-only camps will start in Montreal on Nov. 3 and end in Los Angeles on Dec. 2. Former National Football League, Canadian Football League and college players are expected to attend the sessions. The league's first season is expected to begin March 23. The WFLAF, which is sponsored by the NFL, is expected to include eight North American teams and four in Europe.

Mansdorf in European Semifinals

ANTWERP, Belgium (AP) — Amos Mansdorf of Israel, who Thursday upset second-seeded Andres Gomez of Ecuador, Friday ousted Jim Courier, 1-6, 7-5, 7-6 (7-3), to gain the semifinals of the \$1.1 million European Community Championship.

For the Record

The United States, with a team total of 291, led Britain by eight shots on Friday's second round of the women's amateur world golf championship. Pat Hurst led the Americans with a two-day total of 145. (AP) Carl Lewis, the Olympic gold medal sprinter and world record holder in the 100 meters, underwent arthroscopic surgery on his right knee and is expected to miss the winter indoor track and field season. (AP) Michael Mann of the United States floored his countryman Donald Curry in the 10th round Thursday night in Paris to hold on to his International Boxing Federation middleweight title. In a preliminary bout, Luis Mendoza of Colombia survived an onslaught over the last five rounds Thursday night to retain his World Boxing Association super bantamweight title with a split decision over Fabrice Benichou. (AP, UPI)

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BASEBALL

World Series

Game	Date	Home	Visitor	Score
1	Oct. 16	Cincinnati	Oakland	5-4
2	Oct. 17	Oakland	Cincinnati	5-4
3	Oct. 18	Cincinnati	Oakland	5-4
4	Oct. 19	Oakland	Cincinnati	5-4
5	Oct. 20	Cincinnati	Oakland	5-4

FOOTBALL

NFL Standings

Team	W	L	T	Pts	Pts	Pts	Pts
American Conference							
Buffalo	5	1	0	333	125	87	97
Indianapolis	2	3	0	100	110	88	97
Pittsburgh	2	3	0	100	110	88	97
New England	2	4	0	100	110	88	97
National Conference							
LA Raiders	5	1	0	333	125	87	97
Kansas City	2	3	0	100	110	88	97
Denver	2	4	0	100	110	88	97
San Diego	2	4	0	100	110	88	97
Seattle	2	4	0	100	110	88	97

HOCKEY

NHL Standings

Team	W	L	T	Pts	Pts	Pts	Pts
Wales Conference							
NY Rangers	5	2	0	10	25	19	31
Philadelphia	5	2	0	10	25	19	31
New Jersey	4	2	1	9	25	25	31
Pittsburgh	4	2	1	9	25	25	31
NY Islanders	2	3	0	4	15	17	17
Washington	2	3	0	4	15	17	17
Adams Division							
Hartford	4	2	0	10	25	25	31
Boston	4	2	0	10	25	25	31
Montreal	4	2	0	10	25	25	31
Quebec	4	2	0	10	25	25	31
Buffalo	0	4	2	0	20	25	31
Central Division							
Chicago	5	2	0	10	25	19	31
Detroit	5	2	0	10	25	19	31
St. Louis	4	3	0	8	19	23	31
Minnesota	1	5	1	3	17	28	31
Toronto	0	4	1	1	13	31	31
Smith Division							
Los Angeles	5	1	1	11	34	18	31
Vancouver	4	3	0	8	25	25	31
Calgary	4	3	0	8	25	25	31
Edmonton	1	2	4	4	17	20	31
Winnipeg	1	4	1	3	25	25	31
THURSDAY'S RESULTS							
Montreal	5	1	1	11	34	18	31
Edmonton	4	3	0	8	25	25	31
Calgary	4	3	0	8	25	25	31
Winnipeg	1	4	1	3	25	25	31
THURSDAY'S RESULTS							
Montreal	5	1	1	11	34	18	31
Edmonton	4	3	0	8	25	25	31
Calgary	4	3	0	8	25	25	31
Winnipeg	1	4	1	3	25	25	31

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DAVE BARRY

Joke's on Uncle Dave

M IAMI — Okay, youngsters. Gather 'round your old Uncle Dave, and I'll tell you the True Halloween Horror Story about the time my friend Don put his wife's rights on his head.

It was the Halloween of 1978, and the community where I lived had decided to hold a party where the neighborhood children would have some traditional Halloween fun such as bobbing for apples, the theory being that they'd do less traditional Halloween property damage if their lungs were full of water. For the highlight of this party, I was going to tell the terrifying story of the Watermelon Baby.

I learned the Watermelon Baby story when I was a counselor at a place called Camp Sharpshooter. My group, consisting of 9-year-old boys, went by the Indian name "Schaghticoke" (pronounced SCAT-a-cooks, which I believe is the Indian word for "boys who are too scared to go out to the latrine in the woods at night").

This was my fault. Each night we'd gather around the campfire and roast marshmallows as the forest became dark and silent, except for the whisper of the wind in the majestic 200-foot pine trees and the occasional distinctive cry of a "Schaghticoke" attempting to eat a marshmallow that was still technically on fire. Then I'd tell a campfire story, which always started with some evil, carnivorous nocturnal mutant creature with a name like the Snake Witch or the Toad Man. Naturally I'd always point out that this creature was known to stalk around in the VERY WOODS where we were camping. As I described the horrible things it did to people and their various internal organs, my voice would get quieter and quieter, until the boys were leaning forward with eyes the size of personal pan pizzas, and my voice would drop to an ominous whisper. "LOOK OUT! THERE IT IS!!"

Then I'd wash up until I waited for the boys to climb down from the tops of the majestic 200-foot pine trees, after which they'd go to bed, although they would probably never actually sleep again for the remainder of their lives.

Anyway, the best Camp Sharpshooter story of all was the one about the Watermelon Baby. This was a monster that looked semi-human

except it had a huge head and went around eating everything, sort of like Senator Edward Kennedy. For some reason this story always drove the Schaghticoke to new altitudes of terror, and so years later I decided to tell it at the community Halloween party. To make it REALLY scary, I devised this plan wherein, at the most dramatic moment, I'd make a Secret Code Hand Gesture, and there, in the window behind me, would appear: THE ACTUAL WATERMELON BABY.

The role of the Watermelon Baby was to be played by my friend Don Macpherson, who met the two major dramatic qualifications:

1. He was around.
2. He had a few beers in him.

To give Don a giant head, I hit upon the idea of borrowing a bit of green tights from his wife, Pat, stuffing one leg with an entire watermelon, and then pulling it over Don's head.

I talked him into going to the Halloween party site, where he hid outside while I went in to tell the story. Many children were there, and I soon had them spellbound, ready to explode with terror. At exactly the right dramatic moment I made the Secret Code Hand Gesture, and there, in the window behind me, was: nothing.

So I made a more obvious gesture. Still nothing. It was as if, at the crucial moment in the movie "Jaws," when you're finally going to see the monstrous creature after all the dramatic buildup and the spooky music, the dark water had parted and out had popped: Kermit the Frog. I was waving my arms like a man under attack by homeles, and the children were snickering, and the window was empty, and somewhere out there, stumbling around in the night, was the Watermelon Baby, whose vision had become completely obscured by the Arts and Leisure section.

So as you youngsters can imagine, old Uncle Dave wound up looking like a total buckhead. But don't laugh too hard, youngsters. Because guess what? Halloween is almost here, and Watermelon Don is STILL OUT THERE somewhere, lurking around. He might even be RIGHT IN YOUR NEIGHBORHOOD. And I bet by now he's VERY annoyed.

Knight-Ridder Newspapers

Chekhov in Sakhalin: An Island Remembers

By Francis X. Clines

UZHNO-SAKHALINSK, U.S.S.R. — "Arrived in good condition. Send telegrams to Chekhov."

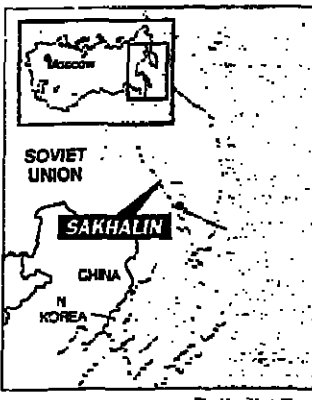
With this terse message back to Moscow a century ago began one of the most practical and fascinating odysseys in literary history. Anton Chekhov, physician and master writer, had arrived on this penal colony island of Sakhalin after an arduous trek across Siberia to conduct a prisoner census that no one had requested.

One hundred years later, the escapism mission of Chekhov, as both head counter and vivid diarist amid the saddest dreps of provincial humanity, remains a subject of wonder for literary scholars no less than for the inhabitants of this island, who have made monuments and images of Chekhov more the island's signature than the fading icons of Lenin.

"People do not understand the reason for his making such a hard journey all this way, searching for the significance of the suffering of others," said Valeriya Kamenetskaya, an island dweller and Chekhov devotee who could serve well herself as a Chekhovian creature, one of his special women who survive on life's ironies and hopes and remembered love.

A visit to this island, a soothing 6,000 miles (9,600 kilometers) east of the Kremlin's current maddening crowd, shows how Chekhov left a valuable baseline for his ever troubled nation. He tinged modern Sakhalin with the simple human nature. The island is anatomically dappled these days, which makes it seem even more "smiling and grieving" in parallel with "the indefinable sadness of the Russian soul," as he wrote.

"The question of why Chekhov would come so far to count and observe the island's prisoners continues among his readers, whether scholars or not," said Kamenetskaya, the widow of Mikhail Finnov. He was a Sakhalin poet who, his widow noted proudly, fought narrow-minded bureaucrats, adored Chekhov and endlessly researched Chekhov's



The New York Times

book, "The Island, a Journey to Sakhalin."

The book remains, at a minimum, a classic work of documentation, for Chekhov's eye as a scientist took Newtonian measure of each prisoner's wretchedness on the island, from diet inadequacies to suicidal cravings for love and justice via wolfbane, Sakhalin's potent plant poison.

Far more important than the recent, controversial visit of the world's Chekhov scholars here are the numerous ordinary citizens, like Kamenetskaya, who read Chekhov as more than fiction. Russian readers find in him a brace against any modern temptations toward wolfbane.

Kamenetskaya, for example, is dedicated to seeing the publication of the last of her husband's several Chekhov studies, this one on his departure from the island. Modern Soviet officialdom spun her through the maze and reluctantly said, "Yes, but we have no paper," she said. She reads Chekhov's Sakhalin, insisting the book will be published.

Enduring with her and all the islanders in the barrackslike tower tenements of Communism is Chekhov's sweetly detailed Bronovskiy, "passionate and insatiable thief," and Yegor, an old barfoot convicted murderer who found how to prevail alone here, and Tanya, the slender daughter of the convict-settler Nikolayev, whom Chekhov often saw staring out her window, her future promised away to a prison guard. "God knows what this young and lovely

girl, whom fate has brought to Sakhalin, is dreaming about!" Chekhov wrote.

"Victims of love and family despotism," was how he described other women on the island who, he carefully noted, had been convicted of murder but were ultimately "being punished for their love affairs."

These seem prefigures of the great women he created for the stage. The Sakhalin originals live in his compilation of hard, almost dry fact ennobled by empathy, a study of human punishment as the measure of humanity.

Chekhov left as well a lesson in literature, revered by such as Alexander Solzhenitsyn, that has made Sakhalin an outpost for lost souls in the world of letters, a demonstration that the creative writer must always grasp the underworld to have any authenticity.

"I will write a lot of nonsense because I am not an expert," Chekhov predicted a century ago to his publisher in Moscow. There, his reclusive behavior fascinated people on the literary scene, which he already had conquered as a 30-year-old physician and writer, a gifted storyteller and, after his return from Sakhalin, the inventor of stage characters that still define the modern theater.

"But I am sure I will write a lot of interesting things, too," Chekhov allowed. "And Sakhalin is good because it could live after me for 100 years as a literary source and textbook for those interested in penology."

Sakhalin continues as a thoughtful place of empty prisons, a wind- and ocean-driven satellite of the perturbed mainland. It is graced by Chekhov's book as much as by the descendants of hard-labor criminals, camp followers and czarist victims of the writer's day, and by the fresh generations of exiles and fleeing romantics.

For some, Chekhov can temper existence on the island, helping to keep such mundane travails as Communism underfoot among the workaholics.

"Chekhov hated officials," Kamenetskaya said, greatly comforted. "So did my husband."



Valeriya Kamenetskaya, below, still studies Chekhov's odyssey.



Francis X. Clines/The New York Times

PEOPLE

Stallone Gets Protection From a Woman Fan

Sylvester Stallone, who beat heavyweight boxing champions as "Rocky" and won a single-handed as "Rambo," has received court protection from a persistent woman fan. Elsie Wade was alleged to have written more than 200 letters and postcards to the actor in the last 20 months, telling him "I can't wait to get my paws on you." She was ordered by Superior Court Judge Irving Shimer to keep at least 300 yards from Stallone and his home in Malibu and not to telephone or write to him for at least three years. Stallone wrote the court that her letters and cards, mostly self-delivered, contained "numerous references to violence."

A tentative agreement has been reached to continue Glen Carlo Menotti's involvement with the Spoleto Festival U.S.A. of Charleston, South Carolina. The festival board's chairman, Ross Markwardt, said that details had not been worked out, but that Menotti would continue as artistic director at least through next year. The 79-year-old composer started the Charleston festival in 1977.

Mikhail Gorbachev got some relief from grappling with domestic crises Friday by meeting with James Fonda and the U.S. media mogul Ted Turner in Moscow. Tass said the Soviet president and Fonda chatted about "the role of public organizations and their members in the effort to consolidate peace and promote friendly relations."

Where Are They Now? Mae Clarke, in film history as the original bride of Frankenstein and as the moll who got a grapefruit in the face from Jimmy Cagney, visited the original 1931 set of "Frankenstein" the other day. Clarke, now 79, lifted audiences out of their seats with her scream of terror at the attentions of the monster portrayed by Boris Karloff. "I knew it was Boris, but he still bothered me," she recalled.

Fawn Hale, the secretary-shredder to Oliver North, is in Los Angeles reportedly hoping to become a talk-show host. According to Publishers Weekly, she was tossed out of a broadcast journalism class at the University of Southern California when it was discovered she had not applied for admission or paid tuition.

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